STATEMENT OF ADDITIONAL INFORMATION

INCOME ELITE^{SM} VARIABLE ANNUITY

Issued through

SEPARATE ACCOUNT VA BNY

Offered by

TRANSAMERICA FINANCIAL LIFE INSURANCE COMPANY

This Statement of Additional Information expands upon subjects discussed in the current prospectus for the Income Elite^{SM} Variable Annuity offered by Transamerica Financial Life Insurance Company. You may obtain a copy of the current prospectus, dated May 1, 2014, by calling (800) 525-6205, or write us at: Transamerica Financial Life Insurance Company, Attention: Customer Care Group, 4333 Edgewood Road NE, Cedar Rapids, IA 52499-0001. The prospectus sets forth information that a prospective investor should know before investing in a policy. Terms used in the current prospectus for the policy are incorporated in this Statement of Additional Information.

This Statement of Additional Information (SAI) is not a prospectus and should be read only in conjunction with the prospectuses for the policy and the underlying fund portfolios.

Dated: May 1, 2014

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GLOSSARY OF TERMS

Accumulation Unit — An accounting unit of measure used in calculating the policy value in the separate account before the annuity commencement date.

Administrative Office — Transamerica Financial Life Insurance Company, Attention: Customer Care Group, 4333 Edgewood Road NE, Cedar Rapids, IA 52499-0001, (800) 525-6205.

Annuitant — The person on whose life any annuity payments involving life contingencies will be based.

Annuity Commencement Date — The date upon which annuity payments are to commence.

Annuity Payment Option — A method of receiving a stream of annuity payments selected by the owner.

Annuity Unit — An accounting unit of measure used in the calculation of the amount of the second and each subsequent variable annuity payment.

Assumed Investment Return or AIR — The annual effective rate shown in the contract specifications section of the contract that is used in the calculation of each variable annuity payment.

Beneficiary — The person who has the right to the death benefit as set forth in the policy.

Business Day — A day when the New York Stock Exchange is open for regular trading.

Cash Value — The policy value less any applicable service charge, surrender charge and premium tax charge, if any, and rider fees (imposed upon surrender).

Code — The Internal Revenue Code of 1986, as amended.

Enrollment Form — A written application, order form, or any other information received electronically or otherwise upon which the policy is issued and/or is reflected on the data or specifications page.

Excess Partial Surrender — The portion of a partial surrender (surrender) that exceeds the free amount.

Fixed Account — One or more investment choices under the policy that are part of the Company's general assets and are not in the separate account.

Guaranteed Lifetime Withdrawal Benefit — Any optional benefit under the policy that provides a guaranteed minimum withdrawal benefit, including Retirement Income Max^{SM} Rider.

Guaranteed Period Options — The various guaranteed interest rate periods of the fixed account which the Company may offer and into which premium payments may be paid or amounts transferred.

Nonqualified Policy — A policy other than a qualified policy.

Owner (You, Your) — The person who may exercise all rights and privileges under the policy. The owner during the lifetime of the annuitant and before the annuity commencement date is the person designated as the owner in the information that we require to issue a policy.

Policy Date — The date shown on the policy data page attached to the policy and the date on which the policy becomes effective.

Policy Value — On or before the annuity commencement date, the policy value is equal to the owner's:
- premium payments; minus
- gross partial surrenders; plus
- interest credited in the fixed account; plus
- accumulated gains in the separate account; minus
- accumulated losses in the separate account; minus
- service charges, rider fees, premium taxes, transfer fees, and other charges, if any.

Policy Year — A policy year begins on the policy date and on each anniversary thereof.

Premium Payment — An amount paid to the Company by the owner or on the owner's behalf as consideration for the benefits provided by the policy.

Qualified Policy — A policy issued in connection with retirement plans that qualify for special federal income tax treatment under the Code.

Separate Account — Separate Account VA BNY, a separate account established and registered as a unit investment trust under the Investment Company Act of 1940, as amended (the "1940 Act"), to which premium payments under the policies may be allocated.

Separate Account Value — The portion of the policy value that is invested in the separate account.

Service Charge — An annual charge on each policy anniversary (and a charge at the time of surrender during any policy year) for policy maintenance and related administrative expenses. This annual charge is $35, but will not exceed 2% of the policy value.

Subaccount — A subdivision within the separate account, the assets of which are invested in a specified underlying fund portfolio.

Supportable Payment — The amount equal to the sum of the variable annuity unit values multiplied by the number of variable annuity units in each of the selected subaccounts.

Valuation Period — The period of time from one determination of accumulation unit values and annuity unit values to the next subsequent determination of those values. Such determination shall be made on each business day.

Variable Annuity Payments — Payments made pursuant to an annuity payment option which fluctuate as to dollar amount or payment term in relation to the investment performance of the specified subaccounts within the separate account.

Written Notice — Written notice, signed by the owner, that gives the Company the information it requires and is received in good order at the Administrative Office. For some transactions, the Company may accept an electronic notice, such as telephone instructions. Such electronic notice must meet the requirements for good order that the Company establishes for such notices.

In order to supplement the description in the prospectus, the following provides additional information about the Company (the Company, we, us or our) and the policy, which may be of interest to a prospective purchaser.

THE POLICY — GENERAL PROVISIONS

Owner

The policy shall belong to the owner upon issuance of the policy after completion of an enrollment form and delivery of the initial premium payment. While the annuitant is living, the owner may: (1) assign the policy; (2) surrender the policy; (3) amend or modify the policy with the Company's consent; (4) receive annuity payments or name a payee to receive the payments; and (5) exercise, receive and enjoy every other right and benefit contained in the policy. The exercise of these rights may be subject to the consent of any assignee or irrevocable beneficiary; and of your spouse in a community or marital property state.

Unless the Company has been notified of a community or marital property interest in the policy, it will rely on its good faith belief that no such interest exists and will assume no responsibility for inquiry.

Note carefully. If the owner predeceases the annuitant and no joint owner, primary beneficiary, or contingent beneficiary is alive or in existence on the date of death, the owner's estate will become the new owner. If no probate estate is opened because the owner has precluded the opening of a probate estate by means of a trust or other instrument, that trust may not exercise ownership rights to the policy. It may be necessary to open a probate estate in order to exercise ownership rights to the policy.

The owner may change the ownership of the policy in a written notice. When this change takes effect, all rights of ownership in the policy will pass to the new owner. A change of ownership may have tax consequences.

When there is a change of owner, the change will not be effective until it is recorded in our records. Once recorded, it will take effect as of the date the owner signs the written notice, subject to any payment the Company has made or action the Company has taken before recording the change. Changing the owner does not change the designation of the beneficiary or the annuitant.

Entire Contract

The entire contract consists of the policy and any application, endorsements and riders. If any portion of the policy or rider attached thereto shall be found to be invalid, unenforceable or illegal, the remainder shall not in any way be affected or impaired thereby, but shall have the same force and effect as if the invalid, unenforceable or illegal portion had not been inserted.

Misstatement of Age or Sex

If the age or sex of the annuitant or owner has been misstated, the Company will change the annuity benefit payable to that which the premium payments would have purchased for the correct age or sex. The dollar amount of any underpayment made by the Company shall be paid in full with the next payment due such person or the beneficiary. The dollar amount of any overpayment made by the Company due to any misstatement shall be deducted from payments subsequently accruing to such person or beneficiary. Any underpayment or overpayment will include interest at 5% per year, from the date of the wrong payment to the date of the adjustment. The age of the annuitant or owner may be established at any time by the submission of proof satisfactory to the Company.

Reallocation of Annuity Units After the Annuity Commencement Date

After the annuity commencement date, you may reallocate the value of a designated number of annuity units of a subaccount then credited to a policy into an equal value of annuity units of one or more other subaccounts or the fixed account. The reallocation shall be based on the relative value of the annuity units of the account(s) or subaccount(s) at the end of the business day on the next payment date. The minimum amount which may be reallocated is the lesser of (1) $10 of monthly income or (2) the entire monthly income of the annuity units in the account or subaccount from which the transfer is being made. If the monthly income of the annuity units remaining in an account or subaccount after a reallocation is less than $10, the Company reserves the right to include the value of those annuity units as part of the transfer. The request must be in writing to the Company's administrative office. There is no charge assessed in connection with such reallocation. A reallocation of annuity units may be made up to four times in any given policy year.

After the annuity commencement date, no transfers may be made from the fixed account to the separate account.

Annuity Payment Options

During the lifetime of the annuitant and before the annuity commencement date, the owner may choose an annuity payment option or change the election, but notice of any election or change of election must be received by the Company in good order at least thirty (30) days before the annuity commencement date (elections less than 30 days require prior approval). If no election is made before the annuity commencement date, annuity payments will be made under (1) life income with level (fixed) payments for 10 years certain, using the existing policy value of the fixed account, or (2) life income with variable payments for 10 years certain using the existing policy value of the separate account, or (3) a combination of (1) and (2). These default options may be restricted with respect to qualified policies.

The person who elects an annuity payment option can also name one or more successor payees to receive any unpaid amount the Company has at the death of a payee. Naming these payees cancels any prior choice of a successor payee.

A payee who did not elect the annuity payment option does not have the right to advance or assign payments, take the payments in one sum, or make any other change. However, the payee may be given the right to do one or more of these things if the person who elects the option tells the Company in writing and the Company agrees.

<u>Variable Payment Options</u>. The dollar amount of the first variable annuity payment will be determined in accordance with the annuity payment rates set forth in the applicable table contained in the policy. For annuity payments the tables are based on a 5% effective annual Assumed Investment Return and the "2000 Table" (male, female and unisex if required by law), using an assumed annuity commencement date of 2005 (static projection to this point) with dynamic projection using scale G from that point (100% of G for male, 50% of G for females). The dollar amount of additional variable annuity payments will vary based on the investment performance of the subaccount(s) of the separate account selected by the annuitant or beneficiary. For certain qualified policies the use of unisex mortality tables may be required.

<u>Determination of the First Variable Payment</u>. The amount of the first variable payment depends upon the sex (if consideration of sex is allowed under state law) and adjusted age of the annuitant. For regular annuity payments, the adjusted age is the annuitant's actual age nearest birthday, on the annuity commencement date, adjusted as described in

your policy. This adjustment assumes an increase in life expectancy, and therefore it results in lower payments than without such an adjustment.

Determination of Additional Variable Payments. All variable annuity payments other than the first are calculated using annuity units which are credited to the policy. The number of annuity units to be credited in respect of a particular subaccount is determined by dividing that portion of the first variable annuity payment attributable to that subaccount by the annuity unit value of that subaccount on the annuity commencement date. The number of annuity units of each particular subaccount credited to the policy then remains fixed, assuming no transfers to or from that subaccount occur. The dollar value of variable annuity units in the chosen subaccount will increase or decrease reflecting the investment experience of the chosen subaccount. The dollar amount of each variable annuity payment after the first may increase, decrease or remain constant. This amount is equal to the sum of the amounts determined by multiplying the number of annuity units of each particular subaccount credited to the policy by the annuity unit value for the particular subaccount on the date the payment is made.

Death Benefit

Due proof of death of the annuitant is proof that the annuitant died prior to the commencement of annuity payments. A certified copy of a death certificate, a certified copy of a decree of a court of competent jurisdiction as to the finding of death or any other proof satisfactory to the Company will constitute due proof of death.

Upon receipt in good order of this proof and an election of a method of settlement and return of the policy, the death benefit generally will be paid within seven days, or as soon thereafter as the Company has sufficient information about the beneficiary(ies) to make the payment. The beneficiary may receive the amount payable in a lump sum cash benefit, or, subject to any limitation under any state or federal law, rule, or regulation, under one of the annuity payment options described above, unless a settlement agreement is effective at the death of the owner preventing such election.

If an owner is not an annuitant, and dies prior to the annuity commencement date, the new owner may surrender the policy at any time for the amount of the policy value. If the new owner is not the deceased owner's spouse, however, (1) the policy value must be distributed within five years after the date of the deceased owner's death, or (2) payments under an annuity payment option must begin no later than one year after the deceased owner's death and must be made for the new owner's lifetime or for a period certain (so long as any period certain does not exceed the new owner's life expectancy). If the sole new owner is the deceased owner's surviving spouse, such spouse may elect to continue the policy as the new owner instead of receiving the death benefit.

Beneficiary. The beneficiary designation in the enrollment form will remain in effect until changed. The owner may change the designated beneficiary by sending written notice to the Company. The beneficiary's consent to such change is not required unless the beneficiary was irrevocably designated or law requires consent. (If an irrevocable beneficiary dies, the owner may then designate a new beneficiary.) The change will take effect as of the date the owner signs the written notice, whether or not the owner is living when the notice is received by the Company. The Company will not be liable for any payment made before the written notice is received. If more than one beneficiary is designated, and the owner fails to specify their interests, they will share equally. If upon the death of the annuitant there is a surviving owner(s), the surviving owner(s) automatically takes the place of any beneficiary designation.

Death of Owner

Federal tax law requires that if any owner (including any joint owner who has become a current owner) dies before the annuity commencement date, then the entire value of the policy must generally be distributed within five years of the date of death of such owner. Certain rules apply where (1) the spouse of the deceased owner is the sole beneficiary, (2) the owner is not a natural person and the primary annuitant dies or is changed, or (3) any owner dies after the annuity commencement date. See the TAX INFORMATION section in the prospectus for more information about these rules. Other rules may apply to qualified policies.

Assignment

During the lifetime of the annuitant you may assign any rights or benefits provided by the policy if your policy is a nonqualified policy. An assignment will not be binding on the Company until a copy has been filed at its administrative office. Your rights and benefits and those of the beneficiary are subject to the rights of the assignee. The Company assumes no responsibility for the validity or effect of any assignment. Any claim made under an assignment shall be subject to proof of interest and the extent of the assignment. An assignment may have tax consequences.

Unless you so direct by filing written notice with the Company, no beneficiary may assign any payments under the policy before they are due. To the extent permitted by law, no payments will be subject to the claims of any beneficiary's creditors.

Ownership under qualified policies is restricted to comply with the Code.

Evidence of Survival

The Company reserves the right to require satisfactory evidence that a person is alive if a payment is based on that person being alive. No payment will be made until the Company receives such evidence.

Non-Participating

The policy will not share in the Company's surplus earnings; no dividends will be paid.

Amendments

No change in the policy is valid unless made in writing by the Company and approved by one of the Company's officers. No registered representative has authority to change or waive any provision of the policy.

The Company reserves the right to amend the policies to meet the requirements of the Code, regulations or published rulings. You can refuse such a change by giving written notice, but a refusal may result in adverse tax consequences.

Employee and Agent Purchases

The policy may be acquired by an employee or registered representative of any broker/dealer authorized to sell the policy or their immediate family, or by an officer, director, trustee or bona-fide full-time employee of the Company or its affiliated companies or their immediate family. In such a case, the Company in its discretion, may credit an amount equal to a percentage of each premium payment to the policy due to lower acquisition costs the Company experiences on those purchases. The Company may offer certain employer sponsored savings plans, reduced fees and charges including, but not limited to, the annual service charge, the surrender charges, the mortality and expense risk fee and the administrative charge for certain sales under circumstances which may result in savings of certain costs and expenses. In addition, there may be other circumstances of which the Company is not presently aware which could result in reduced sales or distribution expenses. Credits to the policy or reductions in these fees and charges will not be unfairly discriminatory against any owner.

Present Value of Future Variable Payments

The present value of future period certain variable payments is calculated by taking (a) the supportable payment on the business day we receive the surrender request (in good order), multiplied by (b) the number of payments remaining, multiplied by a discount rate (such as the assumed investment rate or "AIR").

INVESTMENT EXPERIENCE

A "net investment factor" is used to determine the value of accumulation units and annuity units, and to determine annuity payment rates.

Accumulation Units

Allocations of a premium payment directed to a subaccount are credited in the form of accumulation units. Each subaccount has a distinct accumulation unit value. The number of units credited is determined by dividing the premium payment or amount transferred to the subaccount by the accumulation unit value of the subaccount as of the end of the valuation period during which the allocation is made. For each subaccount, the accumulation unit value for a given business day is based on the net asset value of a share of the corresponding portfolio of the underlying fund portfolios less any applicable charges or fees. The investment performance of the portfolio, expenses, and deductions of certain charges affect the value of an accumulation unit.

Upon allocation to the selected subaccount, premium payments are converted into accumulation units of the subaccount. The number of accumulation units to be credited is determined by dividing the dollar amount allocated to each subaccount by the value of an accumulation unit for that subaccount as next determined after the premium payment is received at the Administrative Office or, in the case of the initial premium payment, when the enrollment form is completed, whichever is later. The value of an accumulation unit for each subaccount was arbitrarily established at $1 at the inception of each subaccount. Thereafter, the value of an accumulation unit is determined as of the close of trading on each day the New York Stock Exchange is open for regular trading.

An index (the "net investment factor") which measures the investment performance of a subaccount during a valuation period, is used to determine the value of an accumulation unit for the next subsequent valuation period. The net investment factor may be greater or less than or equal to one; therefore, the value of an accumulation unit may increase, decrease, or remain the same from one valuation period to the next. You bear this investment risk. The net investment performance of a subaccount and deduction of certain charges affect the accumulation unit value.

The net investment factor for any subaccount for any valuation period is determined by dividing (a) by (b) and subtracting (c) from the result, where:

(a) is the net result of:
    (1) the net asset value per share of the shares held in the subaccount determined at the end of the current valuation period, plus
    (2) the per share amount of any dividend or capital gain distribution made with respect to the shares held in the subaccount if the ex-dividend date occurs during the current valuation period, plus or minus
    (3) a per share credit or charge for any taxes determined by the Company to have resulted during the valuation period from the investment operations of the subaccount;
(b) is the net asset value per share of the shares held in the subaccount determined as of the end of the immediately preceding valuation period; and
(c) is an amount representing the separate account charge and any optional benefit fees, if applicable.

Illustration of Separate Account Accumulation Unit Value Calculations
Formula and Illustration for Determining the Net Investment Factor

$$\text{Net Investment Factor} = \frac{(A + B - C)}{D} - E$$

Where:

A = The net asset value of an underlying fund portfolio share as of the end of the current valuation period.
Assume A = \$11.57

B = The per share amount of any dividend or capital gains distribution since the end of the immediately preceding valuation period.
Assume B = 0

C = The per share charge or credit for any taxes reserved for at the end of the current valuation period.
Assume C = 0

D = The net asset value of an underlying fund portfolio share at the end of the immediately preceding valuation period.
Assume D = \$11.40

E = The daily deduction for the mortality and expense risk fee and the administrative charge, and any optional benefit fees, if applicable. Assume E totals 1.85% on an annual basis; On a daily basis, this equals 0.000050223.

$$\text{Then, the net investment factor} = \frac{(11.57 + 0 - 0)}{(11.40)} - 0.000050223 = Z = 1.014862058$$

Formula and Illustration for Determining Accumulation Unit Value

Accumulation Unit Value = A * B

Where:

A = The accumulation unit value for the immediately preceding valuation period.

Assume = $X

B = The net investment factor for the current valuation period.

Assume = Y

Then, the accumulation unit value = $X * Y = $Z

Annuity Unit Value and Annuity Payment Rates

The amount of variable annuity payments will vary with annuity unit values. Annuity unit values rise if the net investment performance of the subaccount exceeds the assumed investment return of 5% annually. Conversely, annuity unit values fall if the net investment performance of the subaccount is less than the annual assumed investment return. The value of a variable annuity unit in each subaccount was established at $1 on the date operations began for that subaccount. The value of a variable annuity unit on any subsequent business day is equal to (a) multiplied by (b) multiplied by (c), where:

(a) is the variable annuity unit value for the subaccount on the immediately preceding business day;
(b) is the net investment factor for that subaccount for the valuation period; and
(c) is the assumed investment return adjustment factor for the valuation period.

The assumed investment return adjustment factor for the valuation period is the product of discount factors of .99986634 per day to recognize the 5% effective annual assumed investment return. The valuation period is the period from the close of the immediately preceding business day to the close of the current business day.

The net investment factor for the policy used to calculate the value of a variable annuity unit in each subaccount for the valuation period is determined by dividing (i) by (ii) and subtracting (iii) from the result, where:

- (i) is the result of:
  - (1) the net asset value of a fund share held in that subaccount determined at the end of the current valuation period; plus
  - (2) the per share amount of any dividend or capital gain distributions made by the fund for shares held in that subaccount if the ex-dividend date occurs during the valuation period; plus or minus
  - (3) a per share charge or credit for any taxes reserved for, which the Company determines to have resulted from the investment operations of the subaccount.
- (ii) is the net asset value of a fund share held in that subaccount determined as of the end of the immediately preceding valuation period.
- (iii) is a factor representing the mortality and expense risk fee and administrative charge. This factor is equal, on an annual basis, to 0.45% of the daily net asset value of shares held in that subaccount..

The dollar amount of subsequent variable annuity payments will depend upon changes in applicable annuity unit values.

The annuity payment rates generally vary according to the annuity option elected and the gender and adjusted age of the annuitant at the annuity commencement date. The policy contains a table for determining the adjusted age of the annuitant.

Illustration of Calculations for Annuity Unit Value and Variable Annuity Payments

Formula and Illustration for Determining Annuity Unit Value

Annuity Unit Value = A * B * C

Where:

A = annuity unit value for the immediately preceding valuation period.

Assume = $X

B = Net investment factor for the valuation period for which the annuity unit value is being calculated.

Assume = Y

C = A factor to neutralize the annual assumed investment return of 5% built into the Annuity Tables used.

Assume = Z

Then, the annuity unit value is:

$X * Y * Z = $Q

Formula and Illustration for Determining Amount of First Monthly Variable Annuity Payment

$$\text{First monthly variable annuity payment} = \frac{A * B}{\$1,000}$$

Where:

A = The adjusted policy value as of the annuity commencement date.

Assume = $X

B = The annuity purchase rate per $1,000 of adjusted policy value based upon the option selected, the sex and adjusted age of the annuitant according to the tables contained in the policy.

Assume = $Y

$$\text{Then, the first monthly variable annuity payment} = \frac{\$X * \$Y}{1,000} = \$Z$$

Formula and Illustration for Determining the Number of Annuity Units Represented by Each Monthly Variable Annuity Payment

Number of annuity units = $\frac{A}{B}$

Where:

A = The dollar amount of the first monthly variable annuity payment.

Assume = $X

B = The annuity unit value for the valuation date on which the first monthly payment is due.

Assume = $Y

Then, the number of annuity units = $\frac{\$X}{\$Y} = Z$

PERFORMANCE

The Company periodically advertises performance of the various subaccounts. Performance figures might not reflect charges for options, riders, or endorsements. We may disclose at least three different kinds of non-standard performance. First, we may calculate performance by determining the percentage change in the value of an accumulation unit by dividing the increase (decrease) for that unit by the value of the accumulation unit at the beginning of the period. This performance number reflects the deduction of the mortality and expense risk fees and administrative charges. It does not reflect the deduction of any applicable premium taxes, surrender charges, or fees for any optional riders or endorsements. Any such deduction would reduce the percentage increase or make greater any percentage decrease.

Second, advertisements may also include total return figures, which reflect the deduction of the mortality and expense risk fees and administrative charges.

Third, for certain investment portfolios, performance may be shown for the period commencing from the inception date of the investment portfolio (i.e., before commencement of subaccount operations). These figures should not be interpreted to reflect actual historical performance of the subaccounts.

Not all types of performance data presented reflect all of the fees and charges that may be deducted (such as fees for optional benefits); performance figures would be lower if these charges were included.

HISTORICAL PERFORMANCE DATA

Money Market Yields

The Company may from time to time disclose the current annualized yield of the money market subaccount, which invests in the corresponding money market portfolio, for a 7-day period in a manner which does not take into consideration any realized or unrealized gains or losses on shares of the corresponding money market portfolio or on its portfolio securities. This current annualized yield is computed by determining the net change (exclusive of realized gains and losses on the sale of securities and unrealized appreciation and depreciation and income other than investment income) at the end of the 7-day period in the value of a hypothetical account having a balance of 1 unit of the money market subaccount at the beginning of the 7-day period, dividing such net change in account value by the value of the account at the beginning of the period to determine the base period return, and annualizing this quotient on a 365-day basis. The net change in account value reflects (i) net income from the portfolio attributable to the hypothetical account; and (ii) charges and deductions imposed under a policy that are attributable to the hypothetical account. The charges and deductions include the per unit charges for the hypothetical account for (i) the administrative charges and (ii) the mortality and expense risk fee. Current yield will be calculated according to the following formula:

$$\text{Current Yield} = ((NCS * ES)/UV) * (365/7)$$

Where:

NCS = The net change in the value of the portfolio (exclusive of realized gains and losses on the sale of securities and unrealized appreciation and depreciation and income other than investment income) for the 7-day period attributable to a hypothetical account having a balance of 1 subaccount unit.

ES = Per unit expenses of the subaccount for the 7-day period.

UV = The unit value on the first day of the 7-day period.

Because of the charges and deductions imposed under a policy, the yield for the money market subaccount will be lower than the yield for the corresponding money market portfolio. The yield calculations do not reflect the effect of any premium taxes.

The Company may also disclose the effective yield of the money market subaccount for the same 7-day period, determined on a compounded basis. The effective yield is calculated by compounding the base period return according to the following formula:

$$\text{Effective Yield} = (1 + ((NCS - ES)/UV))^{365/7} - 1$$

Where:

NCS = The net change in the value of the portfolio (exclusive of realized gains and losses on the sale of securities and unrealized appreciation and depreciation and income other than investment income) for the 7-day period attributable to a hypothetical account having a balance of 1 subaccount unit.

ES = Per unit expenses of the subaccount for the 7-day period.

UV = The unit value on the first day of the 7-day period.

The yield on amounts held in the money market subaccount normally will fluctuate on a daily basis. Therefore, the disclosed yield for any given past period is not an indication or representation of future yields or rates of return. The money market subaccount's actual yield is affected by changes in interest rates on money market securities, average portfolio maturity of the corresponding money market portfolio, the types and quality of portfolio securities held by the corresponding money market portfolio and its operating expenses.

Total Returns

The Company may from time to time also advertise or disclose total returns for one or more of the subaccounts for various periods of time. One of the periods of time will include the period measured from the date the subaccount commenced operations. When a subaccount has been in operation for 1, 5 and 10 years, respectively, the total return for these periods will be provided. Total returns for other periods of time may from time to time also be disclosed. Total returns represent the average annual compounded rates of return that would equate an initial investment of $1,000 to the redemption value of that investment as of the last day of each of the periods. The ending date for each period for which total return quotations are provided will be for the most recent month end practicable, considering the type and media of the communication and will be stated in the communication.

Total returns will be calculated using subaccount unit values which the Company calculates on each business day based on the performance of the separate account's underlying fund portfolio and the deductions for the mortality and expense risk fee and the administrative charges. The total return will then be calculated according to the following formula:

$$P (1 + T)^N = ERV$$

Where:

T = The average annual total return net of subaccount recurring charges.
ERV = The ending redeemable value of the hypothetical account at the end of the period.
P = A hypothetical initial payment of $1,000.
N = The number of years in the period.

Other Performance Data

The Company may from time to time also disclose average annual total returns in a non-standard format in conjunction with the standard format described above. The non-standard format will be identical to the standard format.

The Company may from time to time also disclose cumulative total returns in conjunction with the standard format described above. The cumulative returns will be calculated using the following formula:

$$CTR = (ERV / P)-1$$

Where:

CTR = The cumulative total return net of subaccount recurring charges for the period.
ERV = The ending redeemable value of the hypothetical investment at the end of the period.
P = A hypothetical initial payment of $1,000.

All non-standard performance data will only be advertised if the standard performance data is also disclosed.

Adjusted Historical Performance Data

From time to time, sales literature or advertisements may quote average annual total returns for periods prior to the date a particular subaccount commenced operations. Such performance information for the subaccounts will be calculated based on the performance of the various portfolios and the assumption that the subaccounts were in existence for the same periods as those indicated for the portfolios, with the level of policy charges that are currently in effect.

PUBLISHED RATINGS

The Company may from time to time publish in advertisements, sales literature and reports to owners, the ratings and other information assigned to it by one or more independent rating organizations such as A.M. Best Company, Standard & Poor's Insurance Ratings Services, Moody's Investors Service and Fitch Financial Ratings. The purpose of the ratings is to reflect the financial strength of the Company. The ratings should not be considered as bearing on the investment performance of assets held in the separate account or of the safety or riskiness of an investment in the separate account. Each year the A.M. Best Company reviews the financial status of thousands of insurers, culminating in the assignment of Best's Ratings. These ratings reflect their current opinion of the relative financial strength and operating performance of an insurance company in comparison to the norms of the life/health insurance industry. In addition, these ratings may be referred to in advertisements or sales literature or in reports to owners. These ratings are opinions of an operating insurance company's financial capacity to meet the obligations of its insurance policies in accordance with their terms.

STATE REGULATION OF US

We are subject to the laws of jurisdiction governing insurance companies and to regulation by the jurisdiction Department of Insurance. An annual statement in a prescribed form is filed with the Department of Insurance each year covering our operations for the preceding year and our financial condition as of the end of such year. Regulation by the Department of Insurance includes periodic examination to determine our contract liabilities and reserves so that the Department may determine the items are correct. Our books and accounts are subject to review by the Department of Insurance at all times, and a full examination of our operations are conducted periodically by the National Association of Insurance Commissioners. In addition, we are subject to regulation under the insurance laws of other jurisdictions in which it may operate.

ADMINISTRATION

The Company performs administrative services for the policies. These services include issuance of the policies, maintenance of records concerning the policies, and certain valuation services.

RECORDS AND REPORTS

All records and accounts relating to the separate account will be maintained by the Company. As presently required by the 1940 Act, as amended, and regulations promulgated thereunder, the Company will mail to all owners at their last known address of record, at least annually, reports containing such information as may be required under that Act or by any other applicable law or regulation. Owners will also receive confirmation of each financial transaction and any other reports required by law or regulation. However, for certain routine transactions (for example, regular monthly premiums deducted from your checking account, or regular annuity payments the Company sends to you) you may only receive quarterly confirmations.

DISTRIBUTION OF THE POLICIES

We have entered into a principal underwriting agreement with our affiliate, Transamerica Capital, Inc. ("TCI"), for the distribution and sale of the policies. We may reimburse TCI for certain expenses it incurs in order to pay for the distribution of the policies (e.g., commissions payable to selling firms selling the Policies, as described below.)

TCI's home office is located at 4600 S. Syracuse St. Suite 1100 Denver, Colorado 80237-2719. TCI is an indirect, wholly owned subsidiary of AEGON USA. TCI is registered as a broker-dealer with the Securities and Exchange Commission under the Securities Exchange Act of 1934, and is a member of Financial Industry Regulatory Authority ("FINRA"). TCI is not a member of the Securities Investor Protection Corporation.

The policies were offered to the public through sales representatives of broker-dealers ("selling firms") that have entered into selling agreements with us and with TCI. TCI compensates these selling firms for their services. Sales representatives with these selling firms are appointed as our insurance agents.

We and our affiliates provide paid-in-capital to TCI and pay for TCI's operating and other expenses, including overhead, legal and accounting fees. We may also pay TCI an "override" payment based on the pricing of the product which becomes part of TCI's assets. TCI paid no amounts in commissions in connection with the sale of the Policies.

We and/or TCI or another affiliate may pay certain selling firms additional cash amounts for: (1) "preferred product" treatment of the policies in their marketing programs, which may include marketing services and increased access to their sales representatives; (2) sales promotions relating to the policies; (3) costs associated with sales conferences and educational seminars for their sales representatives; and (4) other sales expenses of the selling firms. We and/or TCI may make bonus payments to certain selling firms based on aggregate sales or persistency standards. These additional payments are not offered to all selling firms, and the terms of any particular agreement governing the payments may vary among selling firms.

VOTING RIGHTS

To the extent required by law, the Company will vote the underlying fund portfolios' shares held by the separate account at regular and special shareholder meetings of the underlying fund portfolios in accordance with instructions received from persons having voting interests in the portfolios, although none of the underlying fund portfolios hold regular annual shareholder meetings. If, however, the 1940 Act or any regulation thereunder should be amended or if the present interpretation thereof should change, and as a result the Company determines that it is permitted to vote the underlying fund portfolios shares in its own right, it may elect to do so.

Before the annuity commencement date, you hold the voting interest in the selected portfolios. The number of votes that you have the right to instruct will be calculated separately for each subaccount. The number of votes that you have the right to instruct for a particular subaccount will be determined by dividing your policy value in the subaccount by the net asset value per share of the corresponding portfolio in which the subaccount invests. Fractional shares will be counted.

After the annuity commencement date, the owner has the voting interest, and the number of votes decreases as annuity payments are made and as the reserves for the policy decrease. The person's number of votes will be determined by dividing the reserve for the policy allocated to the applicable subaccount by the net asset value per share of the corresponding portfolio. Fractional shares will be counted.

The number of votes that you or the person receiving income payments has the right to instruct will be determined as of the date established by the underlying fund portfolio for determining shareholders eligible to vote at the meeting of the underlying fund portfolio. The Company will solicit voting instructions by sending you, or other persons entitled to vote, requests for instructions prior to that meeting in accordance with procedures established by the underlying fund portfolio. Portfolio shares as to which no timely instructions are received, and shares held by the Company in which you, or other persons entitled to vote have no beneficial interest, will be voted in proportion to the voting instructions that are received with respect to all policies participating in the same subaccount.

Each person having a voting interest in a subaccount will receive proxy material, reports, and other materials relating to the appropriate portfolio.

OTHER PRODUCTS

The Company makes other variable annuity policies available that may also be funded through the separate account. These variable annuity policies may have different features, such as different investment choices or charges.

CUSTODY OF ASSETS

The Company holds assets of each of the subaccounts. The assets of each of the subaccounts are segregated and held separate and apart from the assets of the other subaccounts and from the Company's general account assets. The Company maintains records of all purchases and redemptions of shares of the underlying fund portfolios held by each of the subaccounts. Additional protection for the assets of the separate account is afforded by the Company's fidelity bond, presently in the amount of $5,000,000, covering the acts of officers and employees of the Company.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The financial statements of the Separate Account VA BNY, at December 31, 2013 and for the periods disclosed in the financial statements, and the statutory-basis financial statements and schedules of Transamerica Financial Life Insurance Company at December 31, 2013 and 2012, and for each of the three years in the period ended December 31, 2013, appearing herein, have been audited by Ernst & Young LLP, Suite 3000, 801 Grand Avenue, Des Moines, Iowa 50309, Independent Registered Public Accounting Firm, as set forth in their respective reports thereon appearing elsewhere herein, and are included in reliance upon their reports given on their authority as experts in accounting and auditing.

OTHER INFORMATION

A registration statement has been filed with the SEC, under the Securities Act of 1933 as amended, with respect to the policies discussed in this SAI. Not all of the information set forth in the registration statement and the amendments and exhibits thereto has been included in the prospectus or this SAI. Statements contained in the prospectus and this SAI concerning the content of the policies and other legal instruments are intended to be summaries. For a complete statement of the terms of these documents, reference should be made to the instruments filed with the SEC.

FINANCIAL STATEMENTS

The values of your interest in the separate account will be affected solely by the investment results of the selected subaccount(s). Financial statements of certain subaccounts of Separate Account VA BNY, which are available for investment by Income Elite^{SM} Variable Annuity policy owners, are contained herein. The statutory-basis financial statements and schedules of Transamerica Financial Life Insurance Company, which are included in this SAI, should be considered only as bearing on the ability of the Company to meet its obligations under the policies. They should not be considered as bearing on the investment performance of the assets held in the separate account.

APPENDIX

CONDENSED FINANCIAL INFORMATION

The following tables list the accumulation unit values and the number of accumulation units outstanding for the total separate account expenses listed therein for each subaccount.

		Separate Account Expense 0.60%		
Subaccount	**Year**	**Beginning AUV**	**Ending AUV**	**# Units**
TA Aegon High Yield Bond - Initial Class Subaccount inception date February 1, 2012	2013 2012	$1.123323 $1.000000	$1.190293 $1.123323	0.000 0.000
TA Aegon Money Market - Service Class Subaccount inception date February 1, 2012	2013 2012	$0.994611 $1.000000	$0.988768 $0.994611	0.000 0.000
TA Aegon Tactical Vanguard ETF - Balanced - Service Class Subaccount inception date February 1, 2012	2013 2012	$1.045792 $1.000000	$1.155099 $1.045792	0.000 0.000
TA Aegon Tactical Vanguard ETF - Conservative - Service Class Subaccount inception date February 1, 2012	2013 2012	$1.038887 $1.000000	$1.105708 $1.038887	0.000 0.000
TA Aegon Tactical Vanguard ETF - Growth - Service Class Subaccount inception date February 1, 2012	2013 2012	$1.057944 $1.000000	$1.225220 $1.057944	0.000 0.000
TA Aegon U.S. Government Securities - Service Class Subaccount inception date February 1, 2012	2013 2012	$1.032875 $1.000000	$1.001183 $1.032875	0.000 0.000
TA AllianceBernstein Dynamic Allocation - Service Class Subaccount inception date February 1, 2012	2013 2012	$1.029473 $1.000000	$1.093810 $1.029473	0.000 0.000
TA Asset Allocation - Conservative - Service Class Subaccount inception date February 1, 2012	2013 2012	$1.039542 $1.000000	$1.127291 $1.039542	0.000 0.000
TA Asset Allocation - Growth - Service Class Subaccount inception date February 1, 2012	2013 2012	$1.045150 $1.000000	$1.313076 $1.045150	0.000 0.000
TA Asset Allocation - Moderate - Service Class Subaccount inception date February 1, 2012	2013 2012	$1.047062 $1.000000	$1.178540 $1.047062	0.000 0.000
TA Asset Allocation - Moderate Growth - Service Class Subaccount inception date February 1, 2012	2013 2012	$1.047579 $1.000000	$1.239629 $1.047579	0.000 0.000
TA Barrow Hanley Dividend Focused - Initial Class Subaccount inception date February 1, 2012	2013 2012	$1.051481 $1.000000	$1.361318 $1.051481	0.000 0.000
TA BlackRock Global Allocation - Service Class Subaccount inception date February 1, 2012	2013 2012	$1.034869 $1.000000	$1.177162 $1.034869	0.000 0.000
TA BlackRock Tactical Allocation - Service Class(1) Subaccount inception date February 1, 2012	2013 2012	$1.051164 $1.000000	$1.173885 $1.051164	0.000 0.000
TA Clarion Global Real Estate Securities - Initial Class Subaccount inception date February 1, 2012	2013 2012	$1.147908 $1.000000	$1.185520 $1.147908	0.000 0.000
TA Hanlon Income - Service Class(1) Subaccount inception date February 1, 2012	2013 2012	$1.013585 $1.000000	$1.037119 $1.013585	0.000 0.000
TA International Moderate Growth - Service Class Subaccount inception date February 1, 2012	2013 2012	$1.060547 $1.000000	$1.185621 $1.060547	0.000 0.000
TA Janus Balanced - Service Class Subaccount inception date February 1, 2012	2013 2012	$1.062588 $1.000000	$1.257139 $1.062588	0.000 0.000
TA Jennison Growth - Initial Class Subaccount inception date February 1, 2012	2013 2012	$1.064480 $1.000000	$1.457071 $1.064480	0.000 0.000
TA JPMorgan Core Bond - Service Class Subaccount inception date February 1, 2012	2013 2012	$1.032098 $1.000000	$1.004092 $1.032098	0.000 0.000

CONDENSED FINANCIAL INFORMATION — (Continued)

Subaccount	Year	Separate Account Expense 0.60% Beginning AUV	Ending AUV	# Units
TA JPMorgan Enhanced Index - Initial Class	2013	$1.094429	$1.441653	0.000
Subaccount inception date February 1, 2012	2012	$1.000000	$1.094429	0.000
TA JPMorgan Mid Cap Value - Service Class	2013	$1.133613	$1.481442	0.000
Subaccount inception date February 1, 2012	2012	$1.000000	$1.133613	0.000
TA JPMorgan Tactical Allocation - Service Class	2013	$1.044563	$1.093277	0.000
Subaccount inception date February 1, 2012	2012	$1.000000	$1.044563	0.000
TA Legg Mason Dynamic Allocation - Balanced - Service Class	2013	$0.993405	$1.080049	0.000
Subaccount inception date September 17, 2012	2012	$1.000000	$0.993405	0.000
TA Legg Mason Dynamic Allocation - Growth - Service Class	2013	$0.988530	$1.136007	0.000
Subaccount inception date September 17, 2012	2012	$1.000000	$0.988530	0.000
TA Market Participation Strategy - Service Class	2013	$0.992288	$1.127374	0.000
Subaccount inception date September 17, 2012	2012	$1.000000	$0.992288	0.000
TA MFS International Equity - Initial Class	2013	$1.126172	$1.321979	0.000
Subaccount inception date February 1, 2012	2012	$1.000000	$1.126172	0.000
TA Morgan Stanley Mid-Cap Growth - Initial Class	2013	$0.999054	$1.381811	0.000
Subaccount inception date February 1, 2012	2012	$1.000000	$0.999054	0.000
TA Multi-Managed Balanced - Service Class	2013	$1.074801	$1.258087	0.000
Subaccount inception date February 1, 2012	2012	$1.000000	$1.074801	0.000
TA PIMCO Real Return TIPS - Service Class	2013	$1.037909	$0.933200	0.000
Subaccount inception date February 1, 2012	2012	$1.000000	$1.037909	0.000
TA PIMCO Tactical - Balanced - Service Class	2013	$0.989149	$1.099732	0.000
Subaccount inception date February 1, 2012	2012	$1.000000	$0.989149	0.000
TA PIMCO Tactical - Conservative - Service Class	2013	$0.991090	$1.065529	0.000
Subaccount inception date February 1, 2012	2012	$1.000000	$0.991090	0.000
TA PIMCO Tactical - Growth - Service Class	2013	$0.980395	$1.138320	0.000
Subaccount inception date February 1, 2012	2012	$1.000000	$0.980395	0.000
TA PIMCO Total Return - Service Class	2013	$1.052913	$1.017698	0.000
Subaccount inception date February 1, 2012	2012	$1.000000	$1.052913	0.000
TA Systematic Small/Mid Cap Value - Initial Class	2013	$1.070429	$1.450483	0.000
Subaccount inception date February 1, 2012	2012	$1.000000	$1.070429	0.000
TA T. Rowe Price Small Cap - Initial Class	2013	$1.048080	$1.500965	0.000
Subaccount inception date February 1, 2012	2012	$1.000000	$1.048080	0.000
TA Torray Concentrated Growth - Initial Class(2)	2013	$1.084223	$1.434497	0.000
Subaccount inception date February 1, 2012	2012	$1.000000	$1.084223	0.000
TA TS&W International Equity - Initial Class	2013	$1.091244	$1.348795	0.000
Subaccount inception date February 1, 2012	2012	$1.000000	$1.091244	0.000
TA Vanguard ETF - Aggressive Growth - Service Class	2013	$1.082798	$1.367721	0.000
Subaccount inception date February 1, 2012	2012	$1.000000	$1.082798	0.000
TA Vanguard ETF - Balanced - Service Class	2013	$1.047571	$1.160371	0.000
Subaccount inception date February 1, 2012	2012	$1.000000	$1.047571	0.000
TA Vanguard ETF - Conservative - Service Class	2013	$1.038981	$1.109932	0.000
Subaccount inception date February 1, 2012	2012	$1.000000	$1.038981	0.000
TA Vanguard ETF - Growth - Service Class	2013	$1.061509	$1.253342	0.000
Subaccount inception date February 1, 2012	2012	$1.000000	$1.061509	0.000
TA WMC Diversified Growth - Initial Class	2013	$1.031597	$1.358348	0.000
Subaccount inception date February 1, 2012	2012	$1.000000	$1.031597	0.000

CONDENSED FINANCIAL INFORMATION — (Continued)

Subaccount	Year	Separate Account Expense 0.45% Beginning AUV	Ending AUV	# Units
TA Aegon High Yield Bond - Initial Class	2013	$1.124851	$1.193675	0.000
Subaccount inception date February 1, 2012	2012	$1.000000	$1.124851	0.000
TA Aegon Money Market - Service Class	2013	$0.995987	$0.991607	0.000
Subaccount inception date February 1, 2012	2012	$1.000000	$0.995987	0.000
TA Aegon Tactical Vanguard ETF - Balanced - Service Class	2013	$1.047218	$1.158412	0.000
Subaccount inception date February 1, 2012	2012	$1.000000	$1.047218	0.000
TA Aegon Tactical Vanguard ETF - Conservative - Service Class	2013	$1.040308	$1.108882	0.000
Subaccount inception date February 1, 2012	2012	$1.000000	$1.040308	0.000
TA Aegon Tactical Vanguard ETF - Growth - Service Class	2013	$1.059373	$1.228702	0.000
Subaccount inception date February 1, 2012	2012	$1.000000	$1.059373	0.000
TA Aegon U.S. Government Securities - Service Class	2013	$1.034291	$1.004064	0.000
Subaccount inception date February 1, 2012	2012	$1.000000	$1.034291	0.000
TA AllianceBernstein Dynamic Allocation - Service Class	2013	$1.030886	$1.096965	0.000
Subaccount inception date February 1, 2012	2012	$1.000000	$1.030886	0.000
TA Asset Allocation - Conservative - Service Class	2013	$1.040977	$1.130528	0.000
Subaccount inception date February 1, 2012	2012	$1.000000	$1.040977	0.000
TA Asset Allocation - Growth - Service Class	2013	$1.046586	$1.316837	0.000
Subaccount inception date February 1, 2012	2012	$1.000000	$1.046586	0.000
TA Asset Allocation - Moderate - Service Class	2013	$1.048496	$1.181931	67,390.342
Subaccount inception date February 1, 2012	2012	$1.000000	$1.048496	68,251.642
TA Asset Allocation - Moderate Growth - Service Class	2013	$1.049012	$1.243178	0.000
Subaccount inception date February 1, 2012	2012	$1.000000	$1.049012	0.000
TA Barrow Hanley Dividend Focused - Initial Class(1)	2013	$1.052909	$1.365185	0.000
Subaccount inception date February 1, 2012	2012	$1.000000	$1.052909	0.000
TA BlackRock Global Allocation - Service Class	2013	$1.036281	$1.180532	0.000
Subaccount inception date February 1, 2012	2012	$1.000000	$1.036281	0.000
TA BlackRock Tactical Allocation - Service Class	2013	$1.052603	$1.177252	0.000
Subaccount inception date February 1, 2012	2012	$1.000000	$1.052603	0.000
TA Clarion Global Real Estate Securities - Initial Class	2013	$1.149465	$1.188893	0.000
Subaccount inception date February 1, 2012	2012	$1.000000	$1.149465	0.000
TA Hanlon Income - Service Class	2013	$1.014973	$1.040096	0.000
Subaccount inception date February 1, 2012	2012	$1.000000	$1.014973	0.000
TA International Moderate Growth - Service Class	2013	$1.061998	$1.189017	0.000
Subaccount inception date February 1, 2012	2012	$1.000000	$1.061998	0.000
TA Janus Balanced - Service Class	2013	$1.064040	$1.260743	0.000
Subaccount inception date February 1, 2012	2012	$1.000000	$1.064040	0.000
TA Jennison Growth - Initial Class	2013	$1.065935	$1.461253	0.000
Subaccount inception date February 1, 2012	2012	$1.000000	$1.065935	0.000
TA JPMorgan Core Bond - Service Class	2013	$1.033504	$1.006969	0.000
Subaccount inception date February 1, 2012	2012	$1.000000	$1.033504	0.000
TA JPMorgan Enhanced Index - Initial Class	2013	$1.095924	$1.445778	0.000
Subaccount inception date February 1, 2012	2012	$1.000000	$1.095924	0.000
TA JPMorgan Mid Cap Value - Service Class	2013	$1.135167	$1.485670	0.000
Subaccount inception date February 1, 2012	2012	$1.000000	$1.135167	0.000
TA JPMorgan Tactical Allocation - Service Class	2013	$1.046003	$1.096416	0.000
Subaccount inception date February 1, 2012	2012	$1.000000	$1.046003	0.000

CONDENSED FINANCIAL INFORMATION — (Continued)

Subaccount	Year	Separate Account Expense 0.45%		
		Beginning AUV	Ending AUV	# Units
TA Legg Mason Dynamic Allocation - Balanced - Service Class Subaccount inception date September 17, 2012	2013 2012	$0.993835 $1.000000	$1.082137 $0.993835	0.000 0.000
TA Legg Mason Dynamic Allocation - Growth - Service Class Subaccount inception date September 17, 2012	2013 2012	$0.988958 $1.000000	$1.138188 $0.988958	0.000 0.000
TA Market Participation Strategy - Service Class Subaccount inception date September 17, 2012	2013 2012	$0.992720 $1.000000	$1.129540 $0.992720	0.000 0.000
TA MFS International Equity - Initial Class Subaccount inception date February 1, 2012	2013 2012	$1.127715 $1.000000	$1.325765 $1.127715	0.000 0.000
TA Morgan Stanley Mid-Cap Growth - Initial Class Subaccount inception date February 1, 2012	2013 2012	$1.000420 $1.000000	$1.385762 $1.000420	0.000 0.000
TA Multi-Managed Balanced - Service Class Subaccount inception date February 1, 2012	2013 2012	$1.076281 $1.000000	$1.261682 $1.076281	0.000 0.000
TA PIMCO Real Return TIPS - Service Class Subaccount inception date February 1, 2012	2013 2012	$1.039313 $1.000000	$0.935854 $1.039313	0.000 0.000
TA PIMCO Tactical - Balanced - Service Class(6) Subaccount inception date February 1, 2012	2013 2012	$0.990502 $1.000000	$1.102878 $0.990502	0.000 0.000
TA PIMCO Tactical - Conservative - Service Class(7) Subaccount inception date February 1, 2012	2013 2012	$0.992440 $1.000000	$1.068570 $0.992440	0.000 0.000
TA PIMCO Tactical - Growth - Service Class(8) Subaccount inception date February 1, 2012	2013 2012	$0.981746 $1.000000	$1.141590 $0.981746	0.000 0.000
TA PIMCO Total Return - Service Class Subaccount inception date February 1, 2012	2013 2012	$1.054341 $1.000000	$1.020596 $1.054341	0.000 0.000
TA Systematic Small/Mid Cap Value - Initial Class(4) Subaccount inception date February 1, 2012	2013 2012	$1.071878 $1.000000	$1.454618 $1.071878	0.000 0.000
TA T. Rowe Price Small Cap - Initial Class Subaccount inception date February 1, 2012	2013 2012	$1.049517 $1.000000	$1.505265 $1.049517	0.000 0.000
TA Torray Concentrated Growth - Initial Class(3) Subaccount inception date February 1, 2012	2013 2012	$1.085698 $1.000000	$1.438586 $1.085698	0.000 0.000
TA TS&W International Equity - Initial Class(2) Subaccount inception date February 1, 2012	2013 2012	$1.092734 $1.000000	$1.352643 $1.092734	0.000 0.000
TA Vanguard ETF - Aggressive Growth - Service Class(9) Subaccount inception date February 1, 2012	2013 2012	$1.084286 $1.000000	$1.371650 $1.084286	0.000 0.000
TA Vanguard ETF - Balanced - Service Class(10) Subaccount inception date February 1, 2012	2013 2012	$1.049003 $1.000000	$1.163687 $1.049003	101,735.901 102,888.488
TA Vanguard ETF - Conservative - Service Class(11) Subaccount inception date February 1, 2012	2013 2012	$1.040398 $1.000000	$1.113110 $1.040398	0.000 0.000
TA Vanguard ETF - Growth - Service Class(5)(12) Subaccount inception date February 1, 2012	2013 2012	$1.062964 $1.000000	$1.256939 $1.062964	0.000 0.000
TA WMC Diversified Growth - Initial Class Subaccount inception date February 1, 2012	2013 2012	$1.033009 $1.000000	$1.362239 $1.033009	0.000 0.000

(1) Effective on or about May 1, 2014, Transamerica Hanlon Income VP merged into Transamerica BlackRock Tactical Allocation VP.

(2) Effective on or about May 1, 2014, Transamerica BNP Paribas Large Cap Growth VP was renamed Transamerica Torray Concentrated Growth VP and is subadvised by Torray LLC.

Financial Statements and Schedules – Statutory Basis

Transamerica Financial Life Insurance Company
Years Ended December 31, 2013, 2012 and 2011

Transamerica Financial Life Insurance Company

Financial Statements and Schedules – Statutory Basis

Years Ended December 31, 2013, 2012 and 2011

Contents

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Report of Independent Auditors

The Board of Directors
Transamerica Financial Life Insurance Company

We have audited the accompanying statutory-basis financial statements of Transamerica Financial Life Insurance Company, which comprise the balance sheets as of December 31, 2013 and 2012, the related statutory-basis statements of operations, changes in capital and surplus, and cash flow for each of the three years in the period ended December 31, 2013, and the related notes to the financial statements. Our audits also included the statutory-basis financial statement schedules required by Regulation S-X, Article 7.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with accounting practices prescribed or permitted by the New York Department of Financial Services. Management also is responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, to meet the requirements of New York the financial statements have been prepared in conformity with accounting practices prescribed or permitted by the New York Department of Financial Services, which practices differ from U.S. generally accepted accounting principles. The variances between such practices and U.S. generally accepted accounting principles are described in Note 1. The effects on the accompanying financial statements of these variances are not reasonably determinable but are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the effects of the matter described in the preceding paragraph, the statutory-basis financial statements referred to above do not present fairly, in conformity with U.S. generally accepted accounting principles, the financial position of Transamerica Financial Life Insurance Company at December 31, 2013 and 2012, or the results of its operations or its cash flows for each of the three years in the period ended December 31, 2013.

Opinion on Statutory-Basis of Accounting

However, in our opinion, the statutory-basis financial statements referred to above present fairly, in all material respects, the financial position of Transamerica Financial Life Insurance Company at December 31, 2013 and 2012, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2013 in conformity with accounting practices prescribed or permitted by the New York Department of Financial Services. Also in our opinion, the related financial statement schedules, when considered in relation to the basic statutory-basis financial statements taken as a whole, present fairly in all material respects the information set forth therein.

Ernst + Young LLP

April 11, 2014

Transamerica Financial Life Insurance Company
Balance Sheets – Statutory Basis
(Dollars in Thousands, Except per Share Data)

	December 31	
	2013	**2012**
Admitted assets		
Cash and invested assets:		
Bonds	**$ 7,614,084**	$ 7,413,206
Preferred stocks	**1,706**	1,573
Common stocks		
Affiliated entities (cost: 2013 - $4,212 ; 2012 - $5,814)	**4,217**	6,573
Unaffiliated entities (cost: 2013 - $1,616 ; 2012 - $3,950)	**1,954**	5,113
Mortgage loans on real estate	**551,082**	544,544
Policy loans	**64,552**	60,041
Cash, cash equivalents and short-term investments	**124,946**	587,426
Derivatives	**15,940**	41,613
Other invested assets	**97,025**	95,315
Receivables for derivatives cash collateral posted to counterparty	**157**	–
Securities lending reinvested collateral assets	**430,678**	258,143
Total cash and invested assets	**8,906,341**	9,013,547
Premiums deferred and uncollected	**10,466**	11,297
Due and accrued investment income	**88,061**	87,584
Net deferred income tax asset	**41,598**	69,021
Reinsurance receivable	**16,252**	14,782
Receivable from parent, subsidiaries and affiliates	**–**	87,032
Accounts receivable	**32,721**	67,897
Estimated premium tax offset on the provision for future guarantee fund assessments	**4,679**	16,319
Other admitted assets	**9,038**	1,110
Separate account assets	**20,293,235**	17,590,145
Total admitted assets	**$ 29,402,391**	$ 26,958,734

Transamerica Financial Life Insurance Company
Balance Sheets – Statutory Basis (continued)
(Dollars in Thousands, Except per Share Data)

	December 31	
	2013	**2012**
Liabilities and capital and surplus		
Liabilities:		
Aggregate reserves for policies and contracts:		
Life	**$ 915,424**	$ 842,238
Annuity	**6,261,077**	6,685,096
Accident and health	**131,076**	125,546
Policy and contract claim reserves:		
Life	**24,337**	15,509
Annuity	**407**	437
Accident and health	**11,283**	11,356
Liability for deposit-type contracts	**57,553**	61,391
Other policyholders' funds	**1,158**	968
Federal income taxes payable	**4,010**	37,507
Transfers from separate accounts due or accrued	**(128,528)**	(109,165)
Amounts withheld or retained	**11,203**	14,876
Remittances and items not allocated	**109,543**	197,241
Borrowed money	**20,029**	67,407
Asset valuation reserve	**135,159**	118,108
Interest maintenance reserve	**91,711**	102,036
Funds held under coinsurance and other reinsurance treaties	**162**	201
Reinsurance in unauthorized companies	**488**	518
Commissions and expense allowances payable on reinsurance assumed	**10,152**	12,497
Payable for securities	**–**	2
Payable to parent, subsidiaries and affiliates	**365**	–
Derivatives	**53,183**	12,704
Payable for securities lending	**430,678**	258,143
Taxes, licenses and fees due or accrued	**9,264**	33,603
Payable for derivative cash collateral	**1,301**	20,334
Deferred gain on assumption of reinsurance transaction	**15,559**	17,984
Other liabilities	**7,993**	6,043
Separate account liabilities	**20,293,227**	17,590,139
Total liabilities	**28,467,814**	26,122,719
Capital and surplus:		
Common stock, $125 per share par value, 16,466 shares authorized, issued and outstanding	**2,058**	2,058
Preferred stock, $10 per share par value, 44,175 shares authorized, issued and outstanding	**442**	442
Surplus notes	**150,000**	150,000
Paid-in surplus	**849,460**	849,460
Special surplus	**8,085**	6,660
Unassigned deficit	**(75,468)**	(172,605)
Total capital and surplus	**934,577**	836,015
Total liabilities and capital and surplus	**$ 29,402,391**	$ 26,958,734

See accompanying notes.

Transamerica Financial Life Insurance Company
Statements of Operations – Statutory Basis
(Dollars in Thousands)

	Year Ended December 31		
	2013	**2012**	**2011**
Revenues:			
Premiums and other considerations, net of reinsurance:			
Life	**$ 140,211**	$ 127,077	$ (378,419)
Annuity	**5,023,344**	4,733,483	4,738,804
Accident and health	**83,115**	79,788	66,085
Net investment income	**406,880**	427,128	463,530
Amortization of interest maintenance reserve	**17,702**	17,065	16,416
Commissions and expense allowances on reinsurance ceded	**61,037**	58,516	(52,546)
Income from fees associated with investment management, administration and contract guarantees for separate accounts	**139,374**	125,160	114,076
Consideration on reinsurance transaction	**770**	–	75,821
Income from fees associated with investment management and administration for general account	**32,592**	22,885	35,591
IMR adjustment due to reinsurance	**–**	–	13,086
Other income	**35,019**	28,867	24,308
	5,940,044	5,619,969	5,116,752
Benefits and expenses:			
Benefits paid or provided for:			
Life and accident and health benefits	**107,202**	82,522	145,511
Annuity benefits	**115,999**	121,593	105,868
Surrender benefits	**4,252,300**	4,039,973	3,671,197
Other benefits	**6,946**	5,689	8,152
Increase (decrease) in aggregate reserves for policies and contracts:			
Life	**73,186**	56,740	(379,626)
Annuity	**(424,019)**	(243,529)	193,394
Accident and health	**5,530**	4,893	1,742
	4,137,144	4,067,881	3,746,238
Insurance expenses:			
Commissions	**160,838**	161,079	152,964
General insurance expenses	**125,854**	120,202	143,542
Taxes, licenses and fees	**7,507**	10,206	18,065
Net transfers to separate accounts	**1,194,031**	942,930	1,143,898
Experience refunds	**450**	476	85,372
Interest on surplus notes	**9,375**	9,375	9,375
Consideration on reinsurance recaptured and novated	**–**	12,732	–
Other benefits	**(3,347)**	(5,002)	(3,715)
	1,494,708	1,251,998	1,549,501
Total benefits and expenses	**5,631,852**	5,319,879	5,295,739
Gain (loss) from operations before federal income tax expense and net realized capital gains (losses) on investments	**$ 308,192**	$ 300,090	$ (178,987)

Transamerica Financial Life Insurance Company
Statements of Operations – Statutory Basis (continued)
(Dollars in Thousands)

	Year Ended December 31		
	2013	**2012**	**2011**
Federal income tax expense	**$ 14,157**	$ 110,930	$ 44,789
Gain (loss) from operations before net realized capital gains (losses) on investments	**294,035**	189,160	(223,776)
Net realized capital (losses)/gains on investments (net of related federal income taxes and amounts tranferred to interest maintenance reserve)	**(67,892)**	8,817	(43,004)
Net income (loss)	**$ 226,143**	$ 197,977	$ (266,780)

See accompanying notes.

Transamerica Financial Life Insurance Company
Statements of Changes in Capital and Surplus – Statutory Basis
(Dollars in Thousands)

	Common Stock	Preferred Stock	Aggregate Write-ins for Other than Special Surplus Funds	Surplus Notes	Paid-in Surplus	Special Surplus	Unassigned Deficit	Total Capital and Surplus
Balance at January 1, 2011	$ 2,058	$ 442	$ 31,476	$ 150,000	$ 849,460	$ 4,581	$ (243,350)	$ 794,667
Net income (loss)	–	–	–	–	–	215	(266,995)	(266,780)
Change in net unrealized capital gains and losses, net of tax	–	–	–	–	–	–	48,801	48,801
Change in net unrealized foreign capital gains and losses, net of tax	–	–	–	–	–	–	(793)	(793)
Change in nonadmitted assets	–	–	–	–	–	–	19,988	19,988
Change in asset valuation reserve	–	–	–	–	–	–	1,914	1,914
Change in liability for reinsurance in unauthorized companies	–	–	–	–	–	–	601	601
Change in reserve on account of change in valuation basis	–	–	–	–	–	–	520	520
Surplus withdrawn from separate account	–	–	–	–	–	–	965	965
Other changes in surplus in separate account statement	–	–	–	–	–	–	(860)	(860)
Change in net deferred income tax asset	–	–	–	–	–	–	(7,754)	(7,754)
Change in surplus as result of reinsurance	–	–	–	–	–	–	400,760	400,760
Change in admitted deferred tax assets pursuant to SSAP No. 10R	–	–	(3,546)	–	–	–	–	(3,546)
Correction of error-asset valuation reserve	–	–	–	–	–	–	6,248	6,248
Correction of error-TLIC novation of group annuity policies	–	–	–	–	–	–	(2,590)	(2,590)
Dividends to stockholders	–	–	–	–	–	–	(300,000)	(300,000)
Balance at December 31, 2011	2,058	442	27,930	150,000	849,460	4,796	(342,545)	692,141
Net income	–	–	–	–	–	1,864	196,113	197,977
Change in net unrealized capital gains and losses, net of tax	–	–	–	–	–	–	(47,417)	(47,417)
Change in net unrealized foreign capital gains and losses, net of tax	–	–	–	–	–	–	771	771
Change in nonadmitted assets	–	–	–	–	–	–	4,232	4,232
Change in asset valuation reserve	–	–	–	–	–	–	(16,152)	(16,152)
Change in liability for reinsurance in unauthorized companies	–	–	–	–	–	–	288	288
Surplus withdrawn from separate account	–	–	–	–	–	–	(152)	(152)
Other changes in surplus in separate account statement	–	–	–	–	–	–	(55)	(55)
Change in net deferred income tax asset	–	–	–	–	–	–	(12,128)	(12,128)
Change in surplus as result of reinsurance	–	–	–	–	–	–	36,456	36,456
Change in admitted deferred tax assets pursuant to SSAP No. 101	–	–	(27,930)	–	–	–	27,930	–
Correction of error-GMWB reserve	–	–	–	–	–	–	(19,946)	(19,946)
Balance at December 31, 2012	$ 2,058	$ 442	$ –	$ 150,000	$ 849,460	$ 6,660	$ (172,605)	$ 836,015

Transamerica Financial Life Insurance Company
Statements of Changes in Capital and Surplus – Statutory Basis (continued)
(Dollars in Thousands)

	Common Stock	Preferred Stock	Aggregate Write-ins for Other than Special Surplus Funds	Surplus Notes	Paid-in Surplus	Special Surplus	Unassigned Deficit	Total Capital and Surplus
Balance at December 31, 2012	$ 2,058	$ 442	$ –	$ 150,000	$ 849,460	$ 6,660	$ (172,605)	$ 836,015
Net income	–	–	–	–	–	1,425	224,718	226,143
Change in net unrealized capital gains and losses, net of tax	–	–	–	–	–	–	(44,446)	(44,446)
Change in nonadmitted assets	–	–	–	–	–	–	(10,951)	(10,951)
Change in asset valuation reserve	–	–	–	–	–	–	(11,971)	(11,971)
Change in liability for reinsurance in unauthorized companies	–	–	–	–	–	–	30	30
Other changes in surplus in separate account statement	–	–	–	–	–	–	2	2
Change in net deferred income tax asset	–	–	–	–	–	–	(40,501)	(40,501)
Change in surplus as result of reinsurance	–	–	–	–	–	–	(14,664)	(14,664)
Correction of error-asset valuation reserve	–	–	–	–	–	–	(5,080)	(5,080)
Balance at December 31, 2013	$ 2,058	$ 442	$ –	$ 150,000	$ 849,460	$ 8,085	$ (75,468)	$ 934,577

See accompanying notes.

Transamerica Financial Life Insurance Company
Statements of Cash Flow – Statutory Basis
(Dollars in Thousands)

	Year Ended December 31		
	2013	**2012**	**2011**
Operating activities			
Premiums collected, net of reinsurance	**$ 5,247,885**	$ 4,939,853	$ 4,483,991
Net investment income	**412,947**	440,693	481,777
Miscellaneous income	**258,743**	273,207	592,123
Benefit and loss related payments	**(4,480,068)**	(4,271,352)	(4,032,966)
Net transfers to separate accounts	**(1,213,394)**	(992,548)	(1,246,079)
Commissions, expenses paid and aggregate write-ins for deductions	**(345,457)**	(368,756)	(337,782)
Federal and foreign income taxes paid	**(51,874)**	(98,109)	(20,425)
Net cash used in operating activities	**(171,218)**	(77,012)	(79,361)
Investing activities			
Proceeds from investments sold, matured or repaid:			
Bonds	**1,371,997**	2,068,919	1,767,840
Preferred stock	**1,002**	1,291	–
Common stock	**4,196**	514	2,041
Mortgage loans	**130,224**	159,142	199,996
Other invested assets	**12,460**	16,285	23,669
Securities lending reinvested collateral assets	**–**	217,909	798
Miscellaneous proceeds	**1,444**	10,801	23,856
Total investment proceeds	**1,521,323**	2,474,861	2,018,200
Costs of investments acquired:			
Bonds	**(1,570,360)**	(1,629,354)	(1,486,259)
Preferred stock	**(1,245)**	(521)	(618)
Common stock	**(187)**	(3,892)	(1,694)
Mortgage loans	**(137,041)**	(80,113)	(55,689)
Other invested assets	**(16,237)**	(14,161)	(12,955)
Securities lending reinvested collateral assets	**(172,535)**	–	–
Miscellaneous applications	**(67,942)**	(12,500)	(32,729)
Total cost of investments acquired	**(1,965,547)**	(1,740,541)	(1,589,944)
Net (increase) decrease in policy loans	**(4,511)**	(4,183)	6,530
Net cost of investments acquired	**(1,970,058)**	(1,744,724)	(1,583,414)
Net cash (used in)provided by investing activities	**(448,735)**	730,137	434,786

Transamerica Financial Life Insurance Company
Statements of Cash Flow – Statutory Basis (continued)
(Dollars in Thousands)

	Year Ended December 31		
	2013	**2012**	**2011**
Financing and miscellaneous activities			
Net (withdrawals)/deposits on deposit-type contracts and other insurance liabilities	**$ (148)**	$ 823	$ (65,804)
Borrowed funds	**(47,219)**	67,189	–
Dividends to stockholders	**–**	–	(300,000)
Funds withheld under reinsurance treaties with unauthorized reinsurers	**147**	(226)	288
Receivable from parent, subsidiaries and affiliates	**87,032**	(65,789)	(1,496)
Payable to parent, subsidiaries and affiliates	**365**	(22,062)	(1,967)
Payable for securities lending	**172,535**	(217,909)	(798)
Other cash (applied) provided	**(55,239)**	(5,828)	54,106
Net cash provided (used in) by financing and miscellaneous activities	**157,473**	(243,802)	(315,671)
Net (decrease) increase in cash, cash equivalents and short-term investments	**(462,480)**	409,323	39,754
Cash, cash equivalents and short-term investments:			
Beginning of year	**587,426**	178,103	138,349
End of year	**$ 124,946**	$ 587,426	$ 178,103

See accompanying notes.

1. Organization and Summary of Significant Accounting Policies

Organization

Transamerica Financial Life Insurance Company (the Company) is a stock life insurance company and is majority owned by Aegon USA, LLC. (Aegon) and minority owned by Transamerica Life Insurance Company (TLIC). Both Aegon and TLIC are indirect, wholly owned subsidiaries of Aegon N.V., a holding company organized under the laws of The Netherlands.

Nature of Business

The Company sells fixed and variable pension and annuity products, group life coverages, life insurance, investment contracts, structured settlements and guaranteed interest contracts and funding agreements. The Company is licensed in 50 states and the District of Columbia. Sales of the Company's products are primarily through brokers.

Basis of Presentation

The preparation of financial statements of insurance companies requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Such estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported and disclosed herein.

The accompanying financial statements have been prepared in conformity with accounting practices prescribed or permitted by the New York Department of Financial Services (formerly known as the Department of Insurance of the State of New York), which practices differ from accounting principles generally accepted in the United States (GAAP). The more significant variances from GAAP are:

Investments: Investments in bonds and mandatory redeemable preferred stocks are reported at amortized cost or fair value based on their National Association of Insurance Commissioners (NAIC) rating; for GAAP, such fixed maturity investments would be designated at purchase as held-to-maturity, trading or available-for-sale. Held-to-maturity fixed investments would be reported at amortized cost, and the remaining fixed maturity investments would be reported at fair value with unrealized holding gains and losses reported in earnings for those designated as trading and as a separate component of other comprehensive income (OCI) for those designated as available-for-sale. Fair value for GAAP is based on indexes, third party pricing services, brokers, external fund managers and internal models. For statutory reporting, the NAIC allows insurance companies to report the fair value determined by the Securities Valuation Office of the NAIC (SVO) or determine the fair value by using a permitted valuation method.

All single class and multi-class mortgage-backed/asset-backed securities (e.g., CMOs) are adjusted for the effects of changes in prepayment assumptions on the related accretion of discount or amortization of premium of such securities using either the retrospective or prospective methods. If the fair value of the mortgage-backed/asset-backed security is less than amortized cost, an entity shall assess whether the impairment is other-than-temporary. An other-than-temporary impairment is considered to have occurred if the fair value of the mortgage-backed/asset-backed security is less than its amortized cost basis and the entity intends to sell the security or the entity does not have the intent and ability to hold the security for a period of time sufficient to recover the amortized cost basis. An other-than-temporary impairment is also considered to have occurred if the discounted estimated future cash flows are less than the amortized cost basis of the security.

If it is determined an other-than-temporary impairment has occurred as a result of the cash flow analysis, the security is written down to the discounted estimated future cash flows. If an other-than-temporary impairment has occurred due to intent to sell or lack of intent and ability to hold, the security is written down to fair value.

For GAAP, all securities, purchased or retained, that represent beneficial interests in securitized assets (e.g., CMO, CBO, CDO, CLO, MBS and ABS securities), other than high credit quality securities, are adjusted using the prospective method when there is a change in estimated future cash flows. If high credit quality securities are adjusted, the retrospective method is used. If it is determined that a decline in fair value is other-than-temporary and the entity intends to sell the security or more likely than not will be required to sell the security before recovery of its amortized cost basis less any current period credit loss, the other-than-temporary impairment should be recognized in earnings equal to the entire difference between the amortized cost basis and its fair value at the impairment date. If the entity does not intend to sell the security and it is not more likely than not that the entity will be required to sell the security before recovery, the other-than-temporary impairment should be separated into a) the amount representing the credit loss, which is recognized in earnings, and b) the amount related to all other factors, which is recognized in OCI, net of applicable taxes.

Derivative instruments used in hedging transactions that meet the criteria of an effective hedge are valued and reported in a manner that is consistent with the hedged asset or liability. Embedded derivatives are not accounted for separately from the host contract. Derivative instruments used in hedging transactions that do not meet or no longer meet the criteria of an effective hedge are accounted for at fair value, and the changes in the fair value are recorded in unassigned surplus as unrealized gains and losses. Under GAAP, the effective and ineffective portions of a single hedge are accounted for separately, and the change in fair value for cash flow hedges is credited or charged directly to a separate component of OCI rather than to income as required for fair value hedges, and an embedded derivative within a contract that is not clearly and closely related to the economic characteristics and risk of the host contract is accounted for separately from the host contract and valued and reported at fair value.

Derivative instruments are also used in replication transactions. In these transactions, the derivative is valued in a manner consistent with the cash investment and replicated asset. For GAAP, the derivative is reported at fair value, with the changes in fair value reported in income.

Investments in real estate are reported net of related obligations rather than on a gross basis as for GAAP. Real estate owned and occupied by the Company is included in investments rather than reported as an operating asset as under GAAP, and investment income and operating expenses for statutory reporting include rent for the Company's occupancy of those properties. Changes between depreciated cost and admitted amounts are credited or charged directly to unassigned surplus rather than to income as would be required under GAAP.

Valuation allowances are established for mortgage loans, if necessary, based on the difference between the net value of the collateral, determined as the fair value of the collateral less estimated costs to obtain and sell, and the recorded investment in the mortgage loan. Under GAAP, such allowances are based on the present value of expected future cash flows discounted at the loan's effective interest rate or, if foreclosure is probable, on the estimated fair value of the collateral.

The initial valuation allowance and subsequent changes in the allowance for mortgage loans are charged or credited directly to unassigned surplus as part of the change in asset valuation reserve (AVR), rather than being included as a component of earnings as would be required under GAAP.

Valuation Reserves: Under a formula prescribed by the NAIC, the Company defers the portion of realized capital gains and losses on sales of fixed income investments, principally bonds and mortgage loans, attributable to changes in the general level of interest rates and amortizes those deferrals over the remaining period to maturity of the bond or mortgage loan based on groupings of individual securities sold in five year bands. That net deferral is reported as the interest maintenance reserve (IMR) in the accompanying balance sheets. Realized capital gains and losses are reported in income net of federal income tax and transfers to the IMR. Under GAAP, realized capital gains and losses are reported in the statement of operations on a pre-tax basis in the period that the assets giving rise to the gains or losses are sold.

The AVR provides a valuation allowance for invested assets. The AVR is determined by an NAIC prescribed formula with changes reflected directly in unassigned surplus; AVR is not recognized for GAAP.
Subsidiaries: The accounts and operations of the Company's subsidiaries are not consolidated with the accounts and operations of the Company as would be required under GAAP.

Policy Acquisition Costs: The costs of acquiring and renewing business are expensed when incurred. Under GAAP, incremental costs directly related to the successful acquisition of traditional life insurance and certain long-duration accident and health insurance, to the extent recoverable from future policy revenues, would be deferred and amortized over the premium-paying period of the related policies using assumptions consistent with those used in computing policy benefit reserves; for universal life insurance and investment products, to the extent recoverable from future gross profits, deferred policy acquisition costs are amortized generally in proportion to the present value of expected gross profits from surrender charges and investment, mortality and expense margins.

Separate Accounts with Guarantees: Some of the Company's separate accounts provide policyholders with a guaranteed return. In accordance with the guarantees provided, if the investment proceeds are insufficient to cover the rate of return guaranteed for the product, the policyholder proceeds will be remitted by the general account. These separate accounts are included in the general account for GAAP due to the nature of the guaranteed return.

Nonadmitted Assets: Certain assets designated as "nonadmitted", primarily net deferred tax assets and other assets not specifically identified as an admitted asset within the NAIC *Accounting Practices and Procedures Manual* (NAIC SAP), are excluded from the accompanying balance sheets and are charged directly to unassigned surplus. Under GAAP, such assets are included in the balance sheet to the extent they are not impaired.

Universal Life and Annuity Policies: Revenues for universal life and annuity policies with mortality or morbidity risk (including annuities with purchase rate guarantees) consist of the entire premium received. Benefits incurred represent surrenders and death benefits paid and the change in policy reserves. Premiums received and benefits incurred for annuity policies without mortality or morbidity risk and guaranteed interest in group annuity contracts are recorded directly to a policy reserve account using deposit accounting, without recognizing premium income or benefits expense. Interest on these policies is reflected in other benefits. Under GAAP, for universal life policies, premiums received in excess of policy charges would not be recognized as premium revenue and benefits would represent interest credited to the account values and the excess of benefits paid over the policy account value. Under GAAP, for all annuity policies without significant mortality risk, premiums received and benefits paid would be recorded directly to the reserve liability.

Benefit Reserves: Certain policy reserves are calculated based on statutorily required interest and mortality assumptions rather than on estimated expected experience or actual account balances as would be required under GAAP.
Reinsurance: Any reinsurance amounts deemed to be uncollectible have been written off through a charge to operations. In addition, a liability for reinsurance balances would be established for unsecured policy reserves ceded to reinsurers not authorized to assume such business. Changes to the liability are credited or charged directly to unassigned surplus. Under GAAP, an allowance for amounts deemed uncollectible would be established through a charge to earnings.

Losses associated with an indemnity reinsurance transaction are reported within income when incurred rather than being deferred and amortized over the remaining life of the underlying reinsured contracts as would be required under GAAP.

Policy and contract liabilities ceded to reinsurers have been reported as reductions of the related reserves rather than as assets as would be required under GAAP.

Commissions allowed by reinsurers on business ceded are reported as income when incurred rather than being deferred and amortized with deferred policy acquisition costs as required under GAAP.

Deferred Income Taxes: The Company computes deferred income taxes in accordance with Statement of Statutory Accounting Principle (SSAP) No. 101, *Income Taxes, A Replacement of SSAP No. 10R and SSAP No. 10*. Under SSAP No. 101, admitted adjusted deferred income tax assets are limited to 1) the amount of federal income taxes paid in prior years that can be recovered through loss carrybacks for existing temporary differences that reverse during a timeframe corresponding with the Internal Revenue Service tax loss carryback provisions, not to exceed three years, plus 2) the amount of adjusted gross deferred income tax assets expected to be realized within three years limited to an amount that is no greater than 15% of current period's adjusted statutory capital and surplus, plus 3) the amount of remaining adjusted gross deferred income tax assets that can be offset against existing gross deferred income tax liabilities after considering the character (i.e., ordinary versus capital) and reversal patterns of the deferred tax assets and liabilities. The remaining adjusted deferred income tax assets are nonadmitted.

Deferred income taxes do not include amounts for state taxes. Under GAAP, state taxes are included in the computation of deferred income taxes, a deferred income tax asset is recorded for the amount of gross deferred income tax assets expected to be realized in all future years, and a valuation allowance is established for deferred income tax assets not realizable.

Goodwill: Goodwill is admitted subject to an aggregate limitation of ten percent of the capital and surplus in the most recently filed annual statement excluding electronic data processing equipment, operating system software, net deferred income tax assets and net positive goodwill. Excess goodwill is nonadmitted. Goodwill is amortized over ten years. Under GAAP, goodwill is measured as the excess of the consideration transferred plus the fair value of any noncontrolling interest in the acquiree at the acquisition date as compared to the fair values of the identifiable net assets acquired. Goodwill is not amortized but is assessed for impairment on an annual basis, or more frequently if circumstances indicate that a possible impairment has occurred.

Policyholder Dividends: Policyholder dividends are recognized when declared rather than over the term of the related policies as would be required under GAAP.

Surplus Notes: Surplus notes are reported as surplus rather than liabilities as would be required under GAAP.

Statements of Cash Flow: Cash, cash equivalents and short-term investments in the statements of cash flow represent cash balances and investments with initial maturities of one year or less. Under GAAP, the corresponding caption of cash and cash equivalents includes cash balances and investments with initial maturities of three months or less.

Securities Lending Assets and Liabilities: For securities lending programs, cash collateral received which may be sold or repledged by the Company is reflected as a one-line entry on the balance sheet (securities lending reinvested collateral assets) and a corresponding liability is established to record the obligation to return the cash collateral. Collateral received which may not be sold or repledged is not recorded on the Company's balance sheet. Under GAAP, the reinvested collateral is included within invested assets (i.e. it is not one-line reported).

The effects of the foregoing variances from GAAP on the accompanying statutory-basis financial statements have not been determined by the Company, but are presumed to be material.

Other significant accounting policies are as follows:

Investments

Investments in bonds, except those to which the SVO has ascribed an NAIC designation of 6, are reported at amortized cost using the interest method.

Hybrid securities, as defined by the NAIC, are securities designed with characteristics of both debt and equity and provide protection to the issuer's senior note holders. These securities meet the definition of a bond, in accordance with SSAP No. 26, *Bonds, excluding Loan-backed and Structured Securities* and therefore, are reported at amortized cost or fair value based upon their NAIC rating.

Single class and multi-class mortgage-backed/asset-backed securities are valued at amortized cost using the interest method, including anticipated prepayments, except for those with an initial NAIC designation of 6, which are valued at the lower of amortized cost or fair value. Prepayment assumptions are obtained from dealer surveys or internal estimates and are based on the current interest rate and economic environment. The retrospective adjustment method is used to value all such securities, except principal-only and interest-only securities, which are valued using the prospective method.

The Company closely monitors below investment grade holdings and those investment grade issuers where the Company has concerns. The Company also regularly monitors industry sectors. The Company considers relevant facts and circumstances in evaluating whether the impairment is other-than-temporary including: (1) the probability of the Company collecting all amounts due according to the contractual terms of the security in effect at the date of acquisition; (2) the Company's decision to sell a security prior to its maturity at an amount below its carrying amount; and (3) the Company's ability to hold a structured security for a period of time to allow for recovery of the value to its carrying amount. Additionally, financial condition, near term prospects of the issuer and nationally recognized credit rating changes are monitored. Non-structured securities in unrealized loss positions that are considered other-than-temporary are written down to fair value. Structured securities considered other-than-temporarily impaired are written down to discounted estimated cash flows if the impairment is the result of cash flow analysis. If the Company has an intent to sell or lack of ability to hold a structured security, it is written down to fair value. For structured securities, cash flow trends and underlying levels of collateral are monitored. The Company will record a charge to the statement of operations to the extent that these securities are determined to be other-than-temporarily impaired.

Investments in preferred stocks in good standing are reported at cost or amortized cost. Investments in preferred stocks not in good standing are reported at the lower of cost or fair value, and the related net unrealized capital gains (losses) are reported in unassigned surplus along with any adjustment for federal income taxes.

Common stocks of unaffiliated companies are reported at fair value and the related net unrealized capital gains or losses are reported in unassigned surplus along with any adjustment for federal income taxes.

If the Company determines that a decline in the fair value of a common stock or a preferred stock is other-than-temporary, the Company writes it down to fair value as the new cost basis and the amount of the write down is accounted for as a realized loss in the statement of operations. The Company considers the following factors in determining whether a decline in value is other-than-temporary: (a) the financial condition and prospects of the issuer; (b) whether or not the Company has made a decision to sell the investment; and (c) the length of time and extent to which the value has been below cost.

Common stocks of affiliated noninsurance subsidiaries are reported based on underlying audited GAAP equity. The net change in the subsidiaries' equity is included in the change in net unrealized capital gains or losses, reported in unassigned surplus along with any adjustment for federal income taxes.

There are no restrictions on common or preferred stock.
Short-term investments include investments with remaining maturities of one year or less at the time of acquisition and are principally stated at amortized cost.

Cash equivalents are short-term highly liquid investments with original maturities of three months or less and are principally stated at amortized cost.

Mortgage loans are reported at unpaid principal balances, less an allowance for impairment. A mortgage loan is considered to be impaired when it is probable that the Company will be unable to collect all principal and interest amounts due according to the contractual terms of the mortgage agreement. When management determines that the impairment is other-than-temporary, the mortgage loan is written down to realizable value and a realized loss is recognized.

Policy loans are reported at unpaid principal balances.

The Company has minority ownership interests in joint ventures and limited partnerships. The Company carries these investments based on its interest in the underlying audited GAAP equity of the investee. For a decline in the fair value of an investment in a joint venture or limited partnership which is determined to be other-than-temporary, the Company writes it down to fair value as the new cost basis and the amount of the write down is accounted for as a realized loss in the statement of operations. The Company considers an impairment to have occurred if it is probable that the Company will be unable to recover the carrying amount of the investment or if there is evidence indicating inability of the investee to sustain earnings which would justify the carrying amount of the investment.

Investments in Low Income Housing Tax Credit (LIHTC) properties are valued at amortized cost. Tax credits are recognized in operations in the tax reporting year in which the tax credit is utilized by the Company.

Other "admitted assets" are valued principally at cost, as required or permitted by New York Insurance Laws.

Realized capital gains and losses are determined using the specific identification method and are recorded net of related federal income taxes. Changes in admitted asset carrying amounts of bonds, mortgage loans, common and preferred stocks are credited or charged directly to unassigned surplus.

Interest income is recognized on an accrual basis. The Company does not accrue income on bonds in default, mortgage loans on real estate in default and/or foreclosure or which are delinquent more than twelve months, or real estate where rent is in arrears for more than three months. Income is also not accrued when collection is uncertain. In addition, accrued interest is excluded from investment income when payment exceeds 90 days past due. At December 31, 2013 and 2012, the Company excluded investment income due and accrued of $902 and $568, respectively, with respect to such practices.

For dollar repurchase agreements, the Company receives cash collateral in an amount at least equal to the fair value of the securities transferred by the Company in the transaction as of the transaction date. Cash received as collateral will be invested as needed or used for general corporate purposes of the Company.

Derivative Instruments

Overview: The Company may use various derivative instruments (options, caps, floors, swaps, foreign currency forwards and futures) to manage risks related to its ongoing business operations. On the transaction date of the derivative instrument, the Company designates the derivative as either (A) hedging (fair value, foreign currency fair value, cash flow, foreign currency cash flow, forecasted transactions or net investment in a foreign operation), (B) replication, (C) income generation or (D) held for other investment/risk management activities, which do not qualify for hedge accounting under SSAP No. 86, *Accounting for Derivative Instruments and Hedging Activities* (SSAP No. 86).

Derivative instruments used in hedging relationships are accounted for on a basis that is consistent with the hedged item (amortized cost or fair value). Derivative instruments used in replication relationships are accounted for on a basis that is consistent with the cash instrument and the replicated asset (amortized cost or fair value). Derivative instruments used in income generation relationships are accounted for on a basis that is consistent with the associated covered asset or underlying interest to which the derivative indicates (amortized cost or fair value). Derivative instruments held for other investment/risk management activities receive fair value accounting.

Derivative instruments are subject to market risk, which is the possibility that future changes in market prices may make the instruments less valuable. The Company uses derivatives as hedges, consequently, when the value of the derivative changes, the value of a corresponding hedged asset or liability will move in the opposite direction. Market risk is a consideration when changes in the value of the derivative and the hedged item do not completely offset (correlation or basis risk) which is mitigated by active measuring and monitoring.

The Company is exposed to credit-related losses in the event of non-performance by counterparties to financial instruments, but it does not expect any counterparties to fail to meet their obligations given their high credit rating of 'A' or better. The credit exposure of interest rate swaps and currency swaps is represented by the fair value of contracts, aggregated at a counterparty level, with a positive fair value at the reporting date. The Company has entered into collateral agreements with certain counterparties wherein the counterparty is required to post assets on the Company's behalf. The posted amount is equal to the difference between the net positive fair value of the contracts and an agreed upon threshold that is based on the credit rating of the counterparty. Inversely, if the net fair value of all contracts with this counterparty is negative, then the Company is required to post assets instead.

Instruments: Interest rate swaps are the primary derivative financial instruments used in the overall asset/liability management process to modify the interest rate characteristics of the underlying asset or liability. These interest rate swaps generally provide for the exchange of the difference between fixed and floating rate amounts based on an underlying notional amount. Typically, no cash is exchanged at the outset of the swap contract and a single net payment is exchanged at each due date. Swaps that meet hedge accounting rules are carried in a manner consistent with the hedged item, generally at amortized cost, on the financial statements. If the swap is terminated prior to maturity, proceeds are exchanged equal to the fair value of the contract. These gains and losses may be included in IMR or AVR if the underlying instrument receives that treatment. Swaps not meeting hedge accounting rules are carried at fair value with fair value adjustments recorded in unassigned surplus.

Cross currency swaps are utilized to mitigate risks when the Company holds foreign denominated assets or liabilities therefore converting the asset or liability to a U.S. dollar (USD) denominated security. These cross currency swap agreements involve the exchange of two principal amounts in two different currencies at the prevailing currency rate at contract inception. During the life of the swap, the counterparties exchange fixed or floating rate interest payments in the swapped currencies. At maturity, the principal amounts are again swapped at a pre-determined rate of exchange. Each asset or liability is hedged individually where the terms of the swap must meet the terms of the hedged instrument. For swaps qualifying for hedge accounting, the premium or discount is amortized into income over the life of the contract and the foreign currency translation adjustment is recorded as unrealized gain/loss in unassigned surplus. Swaps not meeting hedge accounting rules are carried at fair value with fair value adjustments recorded in unassigned surplus. If a swap is terminated prior to maturity, proceeds are exchanged equal to the fair value of the contract. These gains and losses may be included in IMR or AVR if the hedged instrument receives that treatment.

Futures contracts are used to hedge the liability risk associated when the Company issues products providing the customer a return based on various global equity market indices. Futures are marked to market on a daily basis whereby a cash payment is made or received by the Company. These payments are recognized as realized gains or losses in the financial statements.

The Company may purchase foreign denominated assets or issue foreign denominated liabilities and use forward rate agreements to hedge foreign currency risk associated with these products. These forward agreements are marked to the current forward rate on the financial statements and cash payments and/or receipts are recognized as realized gains or losses.

A replication transaction is a derivative transaction entered into in conjunction with a cash instrument to reproduce the investment characteristics of an otherwise permissible investment. The Company replicates investment grade corporate bonds by combining a highly rated security as a cash component with a credit default swap which, in effect, converts the high quality asset into a lower rated investment grade asset. The benefits of using the swap market to replicate credit include possible enhanced relative values as well as ease of executing larger transactions in a shortened time frame. Generally, a premium is received by the Company on a periodic basis and recognized in investment income. In the event the representative issuer defaults on its debt obligation referenced in the contract, a payment equal to the notional amount of the contract will be made by the Company and recognized as a capital loss. Generally these swaps are carried at amortized cost with periodic interest payments beginning at a future date. Any early terminations are recognized as capital gains or losses. The Company complies with the specific rules established in AVR for replication transactions.

Separate Accounts

The majority of the separate accounts held by the Company represent funds which are administered for pension plans. The assets in the managed separate accounts consist of common stock, long-term bonds, real estate and short-term investments. The non-managed separate accounts are invested by the Company in a corresponding portfolio of Diversified Investors Portfolios. The portfolios are registered under the Investment Company Act of 1940, as amended, as open-ended, diversified, management investment companies.

Except for some guaranteed separate accounts, which are carried at amortized cost, the assets are carried at fair value, and the investment risks associated with fair value changes are borne entirely by the policyholder. Some of the guaranteed separate accounts provide a guarantee of principal and some include an interest guarantee of 4% or less, so long as the contract is in effect. Separate account asset performance less than guaranteed requirements is transferred from the general account and reported in the statements of operations.

Assets held in trust for purchases of separate account contracts and the Company's corresponding obligation to the contract owners are shown separately in the balance sheets. Income and gains and losses with respect to these assets accrue to the benefit of the contract owners and, accordingly, the operations of the separate accounts are not included in the accompanying financial statements. The Company received variable contract premiums of $4,481,656, $4,163,452 and $4,218,991, in 2013, 2012 and 2011, respectively. In addition, the Company received $139,375, $125,160 and $114,076, in 2013, 2012 and 2011, respectively, related to fees associated with investment management, administration and contractual guarantees for separate accounts.

Aggregate Reserves for Policies and Contracts

Life, annuity and accident and health benefit reserves are developed by actuarial methods and are determined based on published tables using statutorily specified interest rates and valuation methods that will provide, in the aggregate, reserves that are greater than or equal to the minimum or guaranteed cash value, or the amount required by law.
The Company waives deduction of deferred fractional premiums upon death of the insured and returns any portion of the final premium for periods beyond the date of death.

The aggregate policy reserves for life insurance policies are based principally upon the 1941, 1958, 1980 and 2001 Commissioners' Standard Ordinary Mortality Tables. The reserves are calculated using interest rates ranging from 2.00 to 6.00 percent and are computed principally on the Net Level Premium Valuation and the Commissioner's

Reserve Valuation Method. Reserves for universal life policies are based on account balances adjusted for the Commissioner's Reserve Valuation Method.

Additional premiums are charged or additional mortality charges are assessed for policies issued on substandard lives according to underwriting classification. Generally, mean reserves are determined by computing the regular mean reserve for the plan at the true age and holding, in addition, one-half (1/2) of the extra premium charge for the year. For certain flexible premium and fixed premium universal life insurance products, reserves are calculated utilizing the Commissioner's Reserve Valuation Method for universal life policies and recognizing any substandard ratings.

Deferred annuity reserves are calculated according to the Commissioner's Annuity Reserve Valuation Method including excess interest reserves to cover situations where the future interest guarantees plus the decrease in surrender charges are in excess of the maximum valuation rates of interest. Reserves for immediate annuities and supplementary contracts with and without life contingencies are equal to the present value of future payments assuming interest rates ranging from 3.50 to 11.00 percent and mortality rates, where appropriate, from a variety of tables.

Annuity reserves also include guaranteed interest contracts (GICs) and funding agreements classified as life-type contracts as defined in SSAP No. 50, *Classifications and Definitions of Insurance or Managed Care Contracts In Force*. These liabilities have annuitization options at guaranteed rates and consist of floating interest rate and fixed interest rate contracts. The contract reserves are carried at the greater of the account balance or the value as determined for an annuity with a cash settlement option, on a change in fund basis, according to the Commissioner's Annuity Reserve Valuation Method.

Accident and health policy reserves are equal to the greater of the gross unearned premiums or any required mid-terminal reserves plus net unearned premiums and the present value of amounts not yet due on both reported and unreported claims.

Tabular interest, tabular less actual reserves released and tabular cost have been determined by formula. On group annuity deposit funds not involving life contingencies, tabular interest has been determined by adjusting the interest credited to group annuity deposits. On other funds not involving life contingencies, tabular interest has been determined by formula.

During 2011, the Company implemented a new actuarial valuation system, ARCVAL. This system allows for a more accurate calculation of continuous reserves and the use of select factors in calculating deficiency reserves. As a result of implementing the new system, the Company recorded a decrease in deficiency and non-deduction reserves of

$520, which had a corresponding adjustment to unassigned surplus.

Policy and Contract Claim Reserves

Claim reserves represent the estimated accrued liability for claims reported to the Company and claims incurred but not yet reported through the balance sheet date. These reserves are estimated using either individual case-basis valuations or statistical analysis techniques. These estimates are subject to the effects of trends in claim severity and frequency. The estimates are continually reviewed and adjusted as necessary as experience develops or new information becomes available.

Liability for Deposit-Type Contracts

Deposit-type contracts do not incorporate risk from the death or disability of policyholders. These types of contracts may include GICs, funding agreements and other annuity contracts. Deposits and withdrawals on these contracts are recorded as a direct increase or decrease, respectively, to the liability balance, and are not reported as premiums, benefits or changes in reserves in the statement of operations.

Premiums and Annuity Considerations

Revenues for policies with mortality or morbidity risk (including annuities with purchase rate guarantees) consist of the entire premium received and are recognized over the premium paying periods of the related policies. Considerations received and benefits paid for annuity policies without mortality or morbidity risk are recorded using deposit accounting, and recorded directly to an appropriate policy reserve account, without recognizing premium revenue.

Claims and Claim Adjustment Expense

Liabilities for losses and loss/claim adjustment expenses for accident and health contracts are estimated using statistical claim development models to develop best estimates of liabilities for medical expense business and using tabular reserves employing mortality/morbidity tables and discount rates meeting minimum regulatory requirements for other business.

(Dollars in Thousands, Except per Share Data)

Activity in the liability for unpaid claims and related processing costs net of reinsurance is summarized as follows:

	Unpaid Claims Liability Beginning of Year	Claims Incurred	Claims Paid	Unpaid Claims Liability End of Year
Year ended December 31, 2013				
2013	**$ –**	**$ 51,583**	**$ 25,596**	**$ 25,987**
2012 and prior	**33,843**	**(5,347)**	**20,270**	**8,226**
	33,843	**$ 46,236**	**$ 45,866**	**34,213**
Active life reserve	**103,059**			**108,146**
Total accident and health reserves	**$ 136,902**			**$ 142,359**

	Unpaid Claims Liability Beginning of Year	Claims Incurred	Claims Paid	Unpaid Claims Liability End of Year
Year ended December 31, 2012				
2012	$ –	$ 50,385	$ 24,865	$ 25,520
2011 and prior	36,644	(8,194)	20,127	8,323
	36,644	$ 42,191	$ 44,992	33,843
Active life reserve	99,571			103,059
Total accident and health reserves	$ 136,215			$ 136,902

The Company's unpaid claims reserve was decreased by $5,347 and $8,194 for the years ended December 31, 2013 and 2012, respectively, for health claims that occurred prior to those balance sheet dates. The change in 2013 and 2012 resulted primarily from variances in the estimated frequency of claims and claim severity.

The balance in the liability for unpaid accident and health claim adjustment expenses as of December 31, 2013 and 2012 was $740 and $714, respectively. The Company incurred $1,305 and paid $1,279 of claim adjustment expenses during 2013, of which $626 of the paid amount was attributable to insured or covered events of prior years. The Company incurred $473 and paid $580 of claim adjustment expenses during 2012, of which $264 of the paid amount was attributable to insured or covered events of prior years. The Company did not increase or decrease the claim adjustment expense provision for insured events of prior years during 2013 or 2012.

Reinsurance

Coinsurance premiums, commissions, expense reimbursements and reserves related to reinsured business are accounted for on bases consistent with those used in accounting for the original policies and the terms of the reinsurance contracts. Gains associated with reinsurance of in force blocks of business are included in unassigned surplus and amortized into income as earnings emerge on the reinsured block of business. Premiums ceded and recoverable losses have been reported as a reduction of premium income and benefits, respectively. Policy liabilities and accruals are reported in the accompanying financial statements net of reinsurance ceded.

During 2011, the Company entered into a retrocession reinsurance contract and subsequent novation agreements with respect to each of the unaffiliated retroceded reinsurance contracts. The retrocession reinsurance contract transferred the Company's liabilities to SCOR SE (SCOR), a Societas Europaea organized under the laws of France, and subsequently facilitated the ultimate novation of third party retrocession reinsurance contracts in support of the exiting of the reinsurance operations. No additional net consideration was contemplated upon execution of the novation agreements. Therefore, the Company had the same net retained risk of zero both prior to and subsequent to the execution of the novations.

SSAP No. 61, *Life, Deposit-Type and Accident and Health Reinsurance*, defines novation agreements as one which extinguishes one entity's liability and moves it to another entity, which is applicable under this situation. The retrocession agreement had all references to the Company removed and replaced with SCOR upon completion of the novations. SSAP No. 61 does not specifically address novation and releases related to retrocession agreements, however as both cedents and retrocessionaires in this situation are a party to the agreement, the intent of the novation and release appears to be consistent with the application for direct cedents application of the standard. Therefore, the Company reported the novation and release similar to a novation, as outlined in paragraphs 53-56 of SSAP No. 61, with direct adjustments to the balance sheet.

Recent Accounting Pronouncements

Effective December 31, 2013, the Company adopted revisions to SSAP No. 35R, *Guaranty Fund and Other Assessments – Revised* which incorporates subsequent event (Type II) disclosures for entities subject to Section 9010 of the Patient Protection and Affordable Care Act related to assessments payable. The adoption of this revision did not impact the financial position or results of operations of the Company as revisions relate to disclosures only. See Note 16 for further discussion.

Effective January 1, 2013, the Company adopted SSAP No. 92, *Accounting for Postretirement Benefits Other Than Pensions, A Replacement of SSAP No. 14* and SSAP No. 102, *Accounting for Pensions, A Replacement of SSAP No. 89.* This guidance impacts accounting for defined benefit pension plans or other postretirement plans, along with related disclosures. SSAP No. 102 requires recognition of the funded status of the plan based on the projected benefit obligation instead of the accumulated benefit obligation as under SSAP No. 89. In addition, SSAP No. 92 and SSAP No. 102 require consideration of non-vested participants. The adoption of these standards did not impact the Company's results of operations, financial position or disclosures as the Company does not sponsor the pension plan and is not directly liable under the plan. See Note 11 for further discussion of the Company's pension plan and other postretirement plans as sponsored by Aegon.

Effective January 1, 2013, the Company adopted SSAP No. 103, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities* which adopts with modifications the guidance in Accounting Standards Update (ASU) 2009-16, *Transfers and Servicing (Topic 860): Accounting for Transfers of Financial Assets* and supersedes SSAP No. 91R, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*. The adoption of this standard did not impact the financial position or results of operations of the Company.

Effective January 1, 2013, the Company adopted non-substantive revisions to SSAP No. 36, *Troubled Debt Restructuring*. These revisions adopt guidance from ASU 2011-02, *Receivables – A Creditors' Determination of Whether a Restructuring is a Troubled Debt Restructuring*, which clarifies what constitutes a troubled debt restructuring and adopts with modification troubled debt restructuring disclosures for creditors from ASU 2010-20: *Receivables (Topic 310), Disclosures About the Credit Quality of Financing Receivables and the Allowance for Credit Losses*. The adoption of this revision did not impact the financial position or results of operations of the Company.

Effective December 31, 2012, the Company adopted non-substantive revisions to SSAP No. 86 to require disclosure of embedded credit derivatives within a financial instrument that expose the holder to the possibility of making future payments, and adopted guidance from Accounting Standards Update (ASU) 2010-11, *Derivatives and Hedging – Scope Exception Related to Embedded Credit Derivatives*, to clarify that seller credit derivative disclosures do not apply to embedded derivative features related to the transfer of credit risk that is only in the form of subordination of one financial instrument to another. The adoption of these revisions had no impact to the Company's results of operations or financial position.

Effective December 31, 2012, the Company adopted non-substantive revisions to SSAP No. 86 to move one aspect of the criteria for a hedged forecasted transaction and incorporate it as criteria for a fair value hedge. The adoption of this revision had no impact to the Company's results of operations or financial position.

Effective December 31, 2012, the Company adopted non-substantive revisions to SSAP No. 27, *Disclosure of Information about Financial Instruments with Off-Balance-Sheet Risk, Financial Instruments with Concentrations of Credit Risk and Disclosures about Fair Value of Financial Instruments,* which clarifies that embedded derivatives, which are not separately recognized as derivatives under statutory accounting, are included in the disclosures of financial instruments with off-balance-sheet risk. The adoption of this revision had no impact to the Company's results of operations or financial position.

Effective December 31, 2012, the Company adopted non-substantive revisions to SSAP No. 1, *Disclosures of Accounting Policies, Risks and Uncertainties and Other Disclosures*. These revisions require reference to the accounting policy and procedure footnote that describes permitted or prescribed practices when an individual note is impacted by such practices. The adoption of this requirement had no impact to the Company's results of operation or financial position, but did require additional disclosures. See Note 8 Policy and Contract Attributes for further details.

Effective January 1, 2012, the Company adopted revisions to SSAP No. 100, *Fair Value Measurements* (SSAP No. 100). These revisions require new disclosures of fair value hierarchy and the method used to obtain the fair value measurement, a new footnote that summarizes hierarchy levels by type of financial instrument and gross presentation of purchases, sales, issues and settlements within the reconciliation for fair value measurements categorized within Level 3 of the hierarchy. The adoption of these revisions had no impact to the Company's results of operations or financial position, but did require additional disclosures. See Note 4 Fair Values of Financial Instruments for further details.

Effective January 1, 2012, the Company began computing current and deferred income taxes in accordance with SSAP No. 101. This statement established statutory accounting principles for current and deferred federal and foreign income taxes and current state income taxes. The adoption of this statement resulted in the transfer of $27,930 at December 31, 2011, from Aggregate Write-ins for Other than Special Surplus Funds to Unassigned Funds and updates to the Company's income tax disclosures. See Note 7 Income Taxes for further details.

For the year ended December 31, 2011, the Company adopted SSAP No. 10R, *Income Taxes – Revised, A Temporary Replacement of SSAP No. 10* (SSAP No. 10R). This statement established statutory accounting principles for current and deferred federal and foreign income taxes and current state income taxes. The SSAP temporarily superseded SSAP No. 10, *Income Taxes*. SSAP No. 10R allowed an entity to elect to admit additional deferred tax assets (DTAs) utilizing a three year loss carryback provision, plus the lesser of a look-forward of three years on gross DTAs expected to be realized or 15% of statutory capital and surplus if the entity's risk-based capital is above the 250% risk-based capital level where an action level could occur as a result of a trend test utilizing the old SSAP No. 10 provisions to calculate the DTA. Prior to the adoption of SSAP No. 10R, the admitted DTA was calculated by taking into consideration a one year loss carryback and look-forward on gross DTAs that can be expected to be realized and a 10% capital and surplus limit on the admitted amount of the DTA. The Company elected to admit additional deferred tax assets pursuant to SSAP No. 10R and as a result, the cumulative effect of the adoption of this standard was the difference between the calculation of the admitted DTA per SSAP No.10R and the old SSAP No. 10 methodology at December 31, 2011. This change in accounting principle increased surplus by a net amount of $27,930, at December 31, 2011, which has been recorded within the statements of changes in capital and surplus.

Effective December 31, 2011, the Company adopted SSAP No. 5R, *Liabilities, Contingencies and Impairments of Assets – Revised*. The revisions require the Company to recognize a liability equal to the greater of (a) the fair value of the guarantee at its inception, even if the likelihood of payment under the guarantee is remote or (b) the contingent liability amount required to be recognized if it is probable that a liability has been incurred at the financial statement date and the amount of loss can reasonably be determined. While this guidance does not exclude guarantees issued as intercompany transactions or between related parties from the initial liability recognition requirement, there are a couple exceptions. Guarantees made to/or on behalf of a wholly-owned subsidiary and related party guarantees that are considered "unlimited" (for example, in response to a rating agency's requirement to provide a commitment to support) are exempt from the initial liability recognition. Additional disclosures are also required under this new guidance for all guarantees, whether or not they meet the criteria for initial liability recognition. The adoption of this new accounting principle had no material impact to the Company's results of operations or financial position and did not require any additional disclosures.

Effective December 31, 2011, the Company adopted non-substantive revisions to SSAP No. 100 to incorporate the provisions of ASU 2010-06, *Improving Disclosures about Fair Value Measurements*. This revision requires a new disclosure for assets and liabilities for which fair value is not measured and reported in the statement of financial position but is otherwise disclosed. The adoption of these revisions had no impact to the Company's results of operations or financial position. See Note 4 for further details.

Effective December 31, 2011, the Company adopted non-substantive changes to SSAP No. 32, *Investments in Preferred Stock (including investments in preferred stock of subsidiary, controlled, or affiliated entities)*. The amendment was made to clarify the definition of preferred stock. Under the revised SSAP No. 32, a preferred stock is defined as any class or series of shares the holders of which have any preference, either as to the payment of dividends or distribution of assets on liquidation, over the holder of common stock [as defined in SSAP No. 30, *Investments in Common Stock (excluding investments in common stock of subsidiary, controlled, or affiliated entities)*] issued by an entity. This revised definition had no impact to the Company.

Effective January 1, 2011, the Company adopted SSAP No. 35R, *Guaranty Fund and Other Assessments – Revised*. This statement modified the conditions required for recognizing a liability for insurance-related assessments and required additional disclosures. See Note 14 for disclosures related to guaranty fund assessments. The adoption of this accounting principle had no financial impact to the Company.

Effective January 1, 2011, the Company adopted revisions to certain paragraphs of SSAP No. 43R, *Loan-backed and Structured Securities* to clarify the accounting for gains and losses between AVR and IMR. The revisions clarify that an AVR/IMR bifurcation analysis should be performed when SSAP No. 43R securities are sold (not just as a result of impairment). These changes were applied on a prospective basis and had no financial impact to the Company upon adoption.

Effective January 1, 2011, the Company adopted revisions to SSAP No. 43R to clarify the definitions of loan-backed and structured securities. The clarified guidance was applied prospectively and had no financial impact to the Company upon adoption.

Effective January 1, 2014, the Company will adopt SSAP No. 105, *Working Capital finance Investments*, which allows working capital finance investments to be admitted assets if certain criteria are met. The adoption of this standard had no impact to the financial position or results of operations of the Company.

Effective December 31, 2014, the Company will adopt revisions of SSAP No. 104R, *Share-Based Payments*, which provides guidance for share-based payments transactions with non-employees. The adoption of this revision is expected to be immaterial to the financial position and results of operations of the Company.

2. Prescribed and Permitted Statutory Accounting Practices

The New York Department of Financial Services recognizes only statutory accounting practices prescribed or permitted by the State of New York for determining and reporting the financial condition and results of operations of an insurance company, and for determining its solvency under the New York Insurance Law.

The State of New York has adopted a prescribed accounting practice that differs from that found in the NAIC SAP related to the reported value of the assets supporting the Company's guaranteed separate accounts. As prescribed by Section 1414 of the New York Insurance Law, the Commissioner found that the Company is entitled to value the assets of the guaranteed separate account at amortized cost, whereas the assets would be required to be reported at fair value under SSAP No. 56, *Separate Accounts,* of the NAIC SAP. There is no impact to the Company's income or surplus as a result of utilizing this prescribed practice.

3. Accounting Changes and Correction of Errors

During 2013, the Company discovered an investment in a guaranteed investment contract within the Company's separate account was not included in the calculation of the AVR as of December 31, 2012. The impact of this omission was an understatement of the asset valuation reserve and overstatement of capital and surplus of $5,080 as of December 31, 2012. This was corrected in 2013 and is reflected as a correction of an error in the capital and surplus accounts of the Summary of Operations.

During 2012, the Company determined that the model used for a particular guaranteed minimum withdrawal benefit product was not appropriately calculating the correct policyholder benefit guarantee values which are used when determining benefit reserves. The correction of this error resulted in an increase in the reserves associated with this product in the amount of $19,946 as of December 31, 2011, and is presented as a separate charge in capital and surplus within the statement of changes in capital and surplus.

The Company incorrectly calculated the mortgages component of the AVR as of December 31, 2010. The maximum Mortgage Experience Adjustment Factor (MEAF) was used in the calculation when lower factors should have been used. As a result, the AVR balance was overstated by $6,248. This was corrected in 2011, and the Company reflected the surplus impact of the correction as a separate change in unassigned surplus within the statement of changes in capital and surplus.

During 2011, the Company determined that too many contracts were novated to TLIC, an affiliated company, in a reinsurance transaction that was effective January 1, 2010. Correcting this error resulted in a reduction in the initial gain recognized on the novation of $7,765, partially offset by an adjustment to the statement of operations for retention of the policies that should have been retained by the Company of $5,175. The net amount of $2,590 is reflected as a separate change in unassigned surplus within the statement of changes in capital and surplus.

4. Fair Values of Financial Instruments

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Determination of fair value

The fair values of financial instruments are determined by management after taking into consideration several sources of data. When available, the Company uses quoted market prices in active markets to determine the fair value of its investments. The Company's valuation policy utilizes a pricing hierarchy which dictates that publicly available prices are initially sought from indices and third-party pricing services. In the event that pricing is not available from these sources, those securities are submitted to brokers to obtain quotes. Lastly, securities are priced using internal cash flow modeling techniques. These valuation methodologies commonly use reported trades, bids, offers, issuer spreads, benchmark yields, estimated prepayment speeds, and/or estimated cash flows.

To understand the valuation methodologies used by third-party pricing services, the Company reviews and monitors their applicable methodology documents. Any changes to their methodologies are noted and reviewed for reasonableness. In addition, the Company performs in-depth reviews of prices received from third-party pricing services on a sample basis. The objective for such reviews is to demonstrate that the Company can corroborate detailed information such as assumptions, inputs and methodologies used in pricing individual securities against documented pricing methodologies. Only third-party pricing services and brokers with a substantial presence in the market and with appropriate experience and expertise are used.

Each month, the Company performs an analysis of the information obtained from indices, third-party services, and brokers to ensure that the information is reasonable and produces a reasonable estimate of fair value. The Company considers both qualitative and quantitative factors as part of this analysis, including but not limited to, recent transactional activity for similar securities, review of pricing statistics and trends, and consideration of recent relevant market events. Other controls and procedures over pricing received from indices, third-party pricing services, or brokers include validation checks such as exception reports which highlight significant price changes, stale prices or un-priced securities.

Fair value hierarchy

The Company's financial assets and liabilities carried at fair value are classified, for disclosure purposes, based on a hierarchy defined by SSAP No. 100. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1), and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). An asset's or a liability's classification is based on the lowest level input that is significant to its measurement. For example, a Level 3 fair value measurement may include inputs that are both observable (Levels 1 and 2) and unobservable (Level 3). The levels of the fair value hierarchy are as follows:

Level 1 - Unadjusted quoted prices for identical assets or liabilities in active markets accessible at the measurement date.

Level 2 - Quoted prices in markets that are not active or inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include the following:

a) Quoted prices for similar assets or liabilities in active markets
b) Quoted prices for identical or similar assets or liabilities in non-active markets
c) Inputs other than quoted market prices that are observable
d) Inputs that are derived principally from or corroborated by observable market data through correlation or other means

Level 3 - Prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. They reflect the Company's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

The following methods and assumptions were used by the Company in estimating its fair value disclosures for financial instruments:

Cash Equivalents and Short-Term Investments: The carrying amounts reported in the accompanying balance sheets for these financial instruments approximate their fair values. Cash is not included in the below tables.

Short-Term Notes Receivable from Affiliates: The carrying amounts reported in the accompanying balance sheets for these financial instruments approximate their fair value.

Bonds and Stocks: The NAIC allows insurance companies to report the fair value determined by the SVO or to determine the fair value by using a permitted valuation method. The fair values of bonds and stocks are reported or determined using the following pricing sources: indexes, third party pricing services, brokers, external fund managers and internal models.

Fair values for fixed maturity securities (including redeemable preferred stock) actively traded are determined from third-party pricing services, which are determined as discussed above in the description of level one and level two values within the fair value hierarchy. For fixed maturity securities (including redeemable preferred stock) not actively traded, fair values are estimated using values obtained from third-party pricing services, or are based on non-binding broker quotes or internal models. In the case of private placements, fair values are estimated by discounting the expected future cash flows using current market rates applicable to the coupon rate, credit and maturity of the investments.

Mortgage Loans on Real Estate: The fair values for mortgage loans on real estate are estimated utilizing discounted cash flow analyses, using interest rates reflective of current market conditions and the risk characteristics of the loans.

Other Invested Assets: The fair values for other invested assets, which include investments in surplus notes issued by other insurance companies and fixed or variable rate investments with underlying characteristics of bonds, were determined primarily by using indexes, third party pricing services and internal models.

Derivative Financial Instruments: The estimated fair values of interest rate caps and options are based upon the latest quoted market price at the balance sheet date. The estimated fair values of swaps, including interest rate and currency swaps are based on pricing models or formulas using current assumptions. The estimated fair value of credit default swaps are based upon the pricing differential as of the balance sheet date for similar swap agreements. The Company accounts for derivatives that receive and pass hedge accounting in the same manner as the underlying hedged instrument. If that instrument is held at amortized cost, then the derivative is also held at amortized cost.

Policy Loans: The fair value of policy loans is equal to the book value of the loan, which is stated at unpaid principal balance.

Securities Lending Reinvested Collateral: The cash collateral from securities lending is reinvested in various short-term and long-term debt instruments. The fair values of these investments are determined using the methods described above under *Cash, Cash Equivalents and Short-Term Investments* and *Bonds and Stocks*.

Receivable From/Payable to Parents, Subsidiaries and Affiliates: The carrying amount of receivable from/payable to affiliates approximates their fair value.

Separate Account Assets and Annuity Liabilities: The fair value of separate account assets are based on quoted market prices when available. When not available, they are primarily valued either using third party pricing services or are valued in the same manner as the general account assets as further described in this note. However, some separate account assets are valued using non-binding broker quotes, which cannot be corroborated by other market observable data, or internal modeling which utilizes input that are not market observable. The fair value of separate account annuity liabilities is based on the account value for separate accounts business without guarantees. For separate accounts with guarantees, fair value is based on discounted cash flows.

Investment Contract Liabilities: Fair value for the Company's liabilities under investment contracts, which include deferred annuities and GICs, are estimated using discounted cash flow calculations. For those liabilities that are short in duration, carrying amount approximates fair value. For investment contracts with no defined maturity, fair value is estimated to be the present surrender value.

Deposit-Type Contracts: The carrying amounts of deposit-type contracts reported in the accompanying balance sheets approximate their fair values.

Surplus Notes: Fair values for surplus notes are estimated using a discounted cash flow analysis based on the Company’s current incremental borrowing rate for similar types of borrowing arrangements.

The Company accounts for its investments in affiliated common stock using the equity method of accounting; as such, they are not included in the following disclosures.

Fair values for the Company’s insurance contracts other than investment-type contracts (including separate account universal life liabilities) are not required to be disclosed. However, the fair values of liabilities under all insurance contracts are taken into consideration in the Company’s overall management of interest rate risk, such that the Company’s exposure to changing interest rates is minimized through the matching of investment maturities with amounts due under insurance contracts.

(Dollars in Thousands, Except per Share Data)

The following tables set forth a comparison of the estimated fair values and carrying amounts of the Company's financial instruments, including those not measured at fair value in the balance sheets, as of December 31, 2013 and 2012, respectively:

	December 31 2013					
	Estimated Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Admitted assets						
Cash equivalents and short-term investments, other than affiliates	$ 67,194	$ 67,194	$ –	$ 67,194	$ –	$ –
Short-term notes receivable from affiliates	50,000	50,000	–	50,000	–	–
Bonds	7,922,846	7,614,084	710,978	7,083,570	128,298	–
Preferred stocks, other than affiliates	2,715	1,706	–	2,715	–	–
Common stocks, other than affiliates	1,954	1,954	1,954	–		–
Mortgage loans on real estate	570,933	551,082	–	–	570,933	–
Other invested assets	27,482	25,613	–	27,482	–	–
Interest rate swaps	12,436	12,436	–	12,436	–	–
Currency swaps	254	254	–	254	–	–
Credit default swaps	5,751	3,250	–	5,751	–	–
Policy loans	64,552	64,552	–	64,552	–	–
Securities lending reinvested collateral	430,659	430,678	–	430,659	–	–
Separate account assets	20,271,856	20,293,235	10,592,553	9,637,890	41,413	–
Liabilities						
Investment contract liabilities	5,652,539	5,584,149	–	1,353	5,651,186	–
Interest rate swaps	38,846	44,714	–	38,846	–	–
Currency swaps	1,622	1,476	–	1,622	–	–
Credit default swaps	(1,703)	6,140	–	(1,703)	–	–
Equity Swaps	853	853	–	853	–	–
Payable to parent, subsidiaries and affiliates	365	365	–	365	–	–
Separate account annuity liabilities	19,918,930	19,912,005	–	12,644,802	7,274,127	–
Surplus notes	156,810	150,000	–	–	156,810	–

(Dollars in Thousands, Except per Share Data)

	December 31 2012					
	Estimated Fair Value	**Admitted Assets**	**(Level 1)**	**(Level 2)**	**(Level 3)**	**Not Practicable (Carrying Value)**
Admitted assets						
Cash equivalents and short-term investments, other than affiliates	$ 528,981	$ 528,981	$ –	$ 528,981	$ –	$ –
Short-term notes receivable from affiliates	54,700	54,700	–	54,700	–	–
Bonds	8,191,209	7,413,206	726,198	7,397,594	67,417	–
Preferred stocks, other than affiliates	2,241	1,573	–	2,241	–	–
Common stocks, other than affiliates	5,113	5,113	3,111	–	2,002	–
Mortgage loans on real estate	581,335	544,544	–	–	581,335	–
Other invested assets	20,653	19,088	–	20,653	–	–
Interest rate swaps	39,746	39,331	–	39,746	–	–
Currency swaps	142	–	–	142	–	–
Credit default swaps	3,083	1,399	–	3,083	–	–
Foreign currency forward	883	883	–	883	–	–
Policy loans	60,041	60,041	–	60,041	–	–
Securities lending reinvested collateral	257,972	258,143	–	257,972	–	–
Receivable from parent, subsidiaries and affiliates	87,032	87,032	–	87,032	–	–
Separate account assets	17,781,262	17,590,145	7,982,621	9,726,976	71,665	–
Liabilities						
Investment contract liabilities	5,989,132	5,953,575	–	3,481,554	2,507,578	–
Interest rate swaps	7,024	5,575	–	7,024	–	–
Currency swaps	–	153	–	–	–	–
Credit default swaps	2,946	5,743	–	2,946	–	–
Foreign currency forward	1,233	1,233	–	1,233	–	–
Separate account annuity liabilities	17,231,486	17,204,274	–	9,936,870	7,294,616	–
Surplus notes	167,085	150,000	–	–	167,085	–

(Dollars in Thousands, Except per Share Data)

The following tables provide information about the Company's financial assets and liabilities measured at fair value as of December 31, 2013 and 2012:

	2013			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets:				
Bonds				
Government	$ –	$ 15,501	$ –	$ 15,501
Industrial and miscellaneous	–	4,708	9,714	14,422
Total bonds	–	20,209	9,714	29,923
Common stock				
Industrial and miscellaneous	1,954	–	–	1,954
Total common stock	1,954	–	–	1,954
Short-term investments				
Government	–	1	–	1
Industrial and miscellaneous	–	500	–	500
Money market mutual fund	–	66,693	–	66,693
Intercompany notes	–	50,000	–	50,000
Total short-term	–	117,194	–	117,194
Derivative assets	–	12,690	–	12,690
Separate account assets	10,592,553	2,490,653	–	13,083,206
Total assets at fair value	$ 10,594,507	$ 2,640,746	$ 9,714	$ 13,244,967
Liabilities:				
Derivative liabilities	$ –	$ 41,321	$ –	$ 41,321
Total liabilites at fair value	$ –	$ 41,321	$ –	$ 41,321

(Dollars in Thousands, Except per Share Data)

	2012			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets:				
Bonds				
Industrial and miscellaneous	$ –	$ 6,412	$ 11,390	$ 17,802
Total bonds	–	6,412	11,390	17,802
Common stock				
Industrial and miscellaneous	3,111	–	2,002	5,113
Total common stock	3,111	–	2,002	5,113
Short-term investments				
Government	–	1	–	1
Industrial and miscellaneous	–	446,681	–	446,681
Money market mutual fund	–	82,102	–	82,102
Intercompany notes	–	54,700	–	54,700
Sweep account	–	196	–	196
Total short-term	–	583,680	–	583,680
Derivative assets	–	34,734	–	34,734
Separate account assets	7,982,621	2,388,209	–	10,370,830
Total assets at fair value	$ 7,985,732	$ 3,013,035	$ 13,392	$ 11,012,159
Liabilities:				
Derivative liabilities	$ –	$ 350	$ –	$ 350
Total liabilites at fair value	$ –	$ 350	$ –	$ 350

Bonds classified in Level 2 are valued using inputs from third party pricing services or broker quotes. Level 3 measurements for bonds are primarily those valued using non-binding broker quotes, which cannot be corroborated by other marketable observable data or internal modeling which utilize inputs that are not market observable.

Common stock in Level 3 is comprised primarily of warrants valued using broker quotes.

Short-term investments are classified as Level 2 as they are carried at amortized cost, which approximates fair value.

Derivatives classified as Level 2 represent over-the-counter (OTC) contracts valued using pricing models based on the net present value of estimated future cash flows, directly observed prices from exchange-traded derivatives, other OTC trades or external pricing services.

Separate account assets in Level 2 are valued using inputs from third party pricing services or are valued and classified in the same way as general account assets (described above).

(Dollars in Thousands, Except per Share Data)

During 2013 and 2012, there were no transfers between Level 1 and 2, respectively.

The following tables summarize the changes in assets classified in Level 3 for 2013 and 2012:

	Balance at January 1, 2013	**Transfers into Level 3**	**Transfers out of Level 3**	**Total Gains and (Losses) Included in Net income (a)**	**Total Gains and (Losses) Included in Surplus (b)**
Bonds					
RMBS	$ 723	$ –	$ 245	$ (254)	$ 203
Other	10,667	–	–	(415)	667
Common stock	2,002	–	–	–	(1,196)
Total	$ 13,392	$ –	$ 245	$ (669)	$ (326)

	Purchases	**Issuances**	**Sales**	**Settlements**	**Balance at December 31, 2013**
Bonds					
RMBS	$ –	$ –	$ –	$ –	$ 427
Other	–	–	–	1,632	9,287
Common stock	–	–	80	726	–
Total	$ –	$ –	$ 80	$ 2,358	$ 9,714

(Dollars in Thousands, Except per Share Data)

	Balance at January 1, 2012	Transfers into Level 3	Transfers out of Level 3	Total Gains and (Losses) Included in Net income (a)	Total Gains and (Losses) Included in Surplus (b)
Bonds					
RMBS	$ 1,076	$ 1,237	$ 605	$ (1,599)	$ 979
Other	9,902	–	–	337	2,165
Common stock	3,496	–	–	–	(1,494)
Total	$ 14,474	$ 1,237	$ 605	$ (1,262)	$ 1,650

	Purchases	Issuances	Sales	Settlements	Balance at December 31, 2012
Bonds					
RMBS	$ –	$ –	$ –	$ 365	$ 723
Other	–	–	–	1,737	10,667
Common stock	–	–	–	–	2,002
Total	$ –	$ –	$ –	$ 2,102	$ 13,392

(a) Recorded as a component of Net Realized Capital Gains/Losses on Investments in the Statements of Operations

(b) Recorded as a component of Change in Net Unrealized Capital Gains/Losses in the Statements of Changes in Capital and Surplus

The Company's policy is to recognize transfers in and out of levels as of the beginning of the reporting period.

Transfers in for bonds were attributable to securities being valued using third party vendor inputs at December 31, 2011, subsequently changing to being internally modeled, thus causing the transfer into Level 3 during 2012.

Transfers out for bonds were partly attributable to securities being valued using broker quotes which utilize unobservable inputs at December 31, 2012, subsequently changing to being valued using third party vendor inputs during 2013. In addition, transfers out for bonds were the result of securities being valued using internal models at December 31, 2011, subsequently changing to being valued using third party vendor inputs during 2012. Also, transfers out for bonds were attributed to securities being carried at fair value at December 31, 2011, subsequently changing to being carried at amortized cost during 2012.

(Dollars in Thousands, Except per Share Data)

5. Investments

The carrying amounts and estimated fair value of investments in bonds and preferred stocks are as follows:

	Carrying Amount	Gross Unrealized Gains	Gross Unrealized Losses 12 Months or More	Gross Unrealized Losses less Than 12 Months	Estimated Fair Value
December 31, 2013					
Unaffiliated bonds:					
United States Government and agencies	**$ 723,664**	**$ 20,596**	**$ 35**	**$ 39,791**	**$ 704,434**
State, municipal and other government	**156,405**	**7,460**	**4,755**	**666**	**158,444**
Hybrid securities	**99,366**	**6,415**	**5,476**	**154**	**100,151**
Industrial and miscellaneous	**5,206,107**	**327,974**	**9,109**	**49,457**	**5,475,515**
Mortgage and other asset-backed securities	**1,428,542**	**81,874**	**13,044**	**13,070**	**1,484,302**
	7,614,084	**444,319**	**32,419**	**103,138**	**7,922,846**
Unaffiliated preferred stocks	**1,706**	**1,009**	**–**	**–**	**2,715**
	$ 7,615,790	**$ 445,328**	**$ 32,419**	**$ 103,138**	**$ 7,925,561**

	Carrying Amount	Gross Unrealized Gains	Gross Unrealized Losses 12 Months or More	Gross Unrealized Losses less Than 12 Months	Estimated Fair Value
December 31, 2012					
Unaffiliated bonds:					
United States Government and agencies	$ 612,515	$ 101,850	$ –	$ 1	$ 714,364
State, municipal and other government	168,249	20,558	8,472	–	180,335
Hybrid securities	92,265	7,277	10,909	–	88,633
Industrial and miscellaneous	5,005,463	583,125	1,170	3,833	5,583,585
Mortgage and other asset-backed securities	1,534,714	114,427	23,912	937	1,624,292
	7,413,206	827,237	44,463	4,771	8,191,209
Unaffiliated preferred stocks	1,573	1,049	381	–	2,241
	$ 7,414,779	$ 828,286	$ 44,844	$ 4,771	$ 8,193,450

At December 31, 2013 and 2012, respectively, for bonds and preferred stocks that have been in a continuous loss position for greater than or equal to twelve months, the Company held 76 and 80 securities with a carrying amount of $281,161 and $266,840 and an unrealized loss of $32,419 and $44,844 with an average price of 88.5 and 83.2 (fair value/amortized cost). Of this portfolio, 70.19% and 48.05% were investment grade with associated unrealized losses of $19,689 and $20,046, respectively.

(Dollars in Thousands, Except per Share Data)

At December 31, 2013 and 2012, respectively, for bonds and preferred stocks that have been in a continuous loss position for less than twelve months, the Company held 291 and 55 securities with a carrying amount of $1,860,688 and $234,770 and an unrealized loss of $103,138 and $4,771 with an average price of 94.5 and 98.0 (fair value/amortized cost). Of this portfolio, 96.86% and 76.98% were investment grade with associated unrealized losses of $100,950 and $3,649, respectively.

At December 31, 2013, for common stocks that have been in a continuous loss position for greater than or equal twelve months, the Company held 1 security with a cost of $4 and unrealized loss of $1 with an average price of 77.0 (fair value/cost). At December 31, 2012, the Company did not hold any common stock that had been in a continuous loss position for greater than or equal to twelve months.

At December 31, 2013, the Company did not hold any common stocks that had been in continuous loss position for less than twelve months. At December 31, 2012, for common stocks that have been in a continuous loss position for less than twelve months, the Company held 3 securities with a cost of $3,145 and unrealized loss $33 with an average price of 99.0 (fair value/cost).

The estimated fair value of bonds, preferred stocks and common stocks with gross unrealized losses at December 31, 2013 and 2012 is as follows:

	Losses 12 Months or More	Losses Less Than 12 Months	Total
December 31, 2013			
Unaffiliated bonds:			
United States government and agencies	$ 1,830	$ 362,949	$ 364,779
State, municipal and other government	14,235	25,206	39,441
Hybrid securities	20,128	11,171	31,299
Industrial and miscellaneous	91,554	1,051,181	1,142,735
Mortgage and other asset-backed securities	120,995	307,043	428,038
	248,742	1,757,550	2,006,292
Unaffiliated common stocks	3	–	3
	$ 248,745	$ 1,757,550	$ 2,006,295

(Dollars in Thousands, Except per Share Data)

December 31, 2012	Losses 12 Months or More	Losses Less Than 12 Months	Total
Unaffiliated bonds:			
United States government and agencies	$ –	$ 1,863	$ 1,863
State, municipal and other government	36,512	–	36,512
Hybrid securities	22,250	–	22,250
Industrial and miscellaneous	17,474	172,884	190,358
Mortgage and other asset-backed securities	145,029	55,252	200,281
	221,265	229,999	451,264
Unaffiliated preferred stocks	731	–	731
Unaffiliated common stocks	–	3,112	3,112
	$ 221,996	$ 233,111	$ 455,107

The carrying amount and estimated fair value of bonds at December 31, 2013, by contractual maturity, is shown below. Expected maturities may differ from contractual maturities because certain borrowers have the right to call or prepay obligations with or without call or prepayment penalties.

	Carrying Amount	Estimated Fair Value
Due in one year or less	**$ 518,442**	**$ 528,302**
Due after one year through five years	**2,192,012**	**2,367,366**
Due after five years through ten years	**1,933,729**	**1,956,804**
Due after ten years	**1,541,359**	**1,586,072**
	6,185,542	**6,438,544**
Mortgage and other asset-backed securities	**1,428,542**	**1,484,302**
	$ 7,614,084	**$ 7,922,846**

For impairment policies related to non-structured and structured securities, refer to Note 1 under Investments.

At December 31, 2013, the Company's treasury portfolio had investments in an unrealized loss position which had a fair value of $364,779, with a carrying value of $404,605, resulting in a gross unrealized loss of $39,826. The Company's government issued debt securities include US Treasury bonds. All of the issuers in the sector continue to make payments in accordance with the original bond agreements. The Company evaluated the near-term prospects of the issuers and it is believed that the contractual terms of these investments will be met and these investments are not impaired as of December 31, 2013.

(Dollars in Thousands, Except per Share Data)

There were no loan-backed securities with a recognized other-than-temporary impairment (OTTI) due to intent to sell or lack of intent and ability to hold during the years ended December 31, 2013 and 2012. The following table provides the aggregate totals for loan-backed securities with a recognized OTTI due to intent to sell or lack of intent and ability to hold, in which the security is written down to fair value during the year ended December 31, 2011.

	Amortized Cost Basis Before OTTI	OTTI Recognized in Loss: Interest	OTTI Recognized in Loss: Non-interest	Fair Value
Year Ended December 31, 2011				
OTTI recognized 1st quarter:				
Intent to sell	$ 1,800	$ 3	$ –	$ 1,797
Total 1st quarter OTTI on loan-backed securities	1,800	3	–	1,797
Aggregate total	$ 1,800	$ 3	$ –	$ 1,797

The following tables provide the aggregate totals for loan-backed securities with a recognized OTTI due to the Company's cash flow analysis, in which the security is written down to estimated future cash flows discounted at the security's effective yield.

	Amortized Cost before Current Period OTTI	Recognized OTTI	Amortized Cost After OTTI	Fair Value
Year Ended December 31, 2013				
1st quarter present value of cash flows expected to be less than the amortized cost basis	**$ 33,255**	**$ 937**	**$ 32,318**	**$ 26,145**
2nd quarter present value of cash flows expected to be less than the amortized cost basis	**12,311**	**571**	**11,740**	**11,175**
3rd quarter present value of cash flows expected to be less than the amortized cost basis	**16,824**	**1,426**	**15,398**	**12,815**
4th quarter present value of cash flows expected to be less than the amortized cost basis	**30,853**	**1,080**	**29,773**	**27,584**
Aggregate total	**$ 93,243**	**$ 4,014**	**$ 89,229**	**$ 77,719**

(Dollars in Thousands, Except per Share Data)

	Amortized Cost before Current Period OTTI	Recognized OTTI	Amortized Cost After OTTI	Fair Value
Year Ended December 31, 2012				
1st quarter present value of cash flows expected to be less than the amortized cost basis	$ 9,907	$ 123	$ 9,784	$ 5,625
2nd quarter present value of cash flows expected to be less than the amortized cost basis	31,773	3,092	28,681	20,633
3rd quarter present value of cash flows expected to be less than the amortized cost basis	17,199	1,222	15,977	10,640
4th quarter present value of cash flows expected to be less than the amortized cost basis	22,099	921	21,178	15,312
Aggregate total	$ 80,978	$ 5,358	$ 75,620	$ 52,210

	Amortized Cost before Current Period OTTI	Recognized OTTI	Amortized Cost After OTTI	Fair Value
Year Ended December 31, 2011				
1st quarter present value of cash flows expected to be less than the amortized cost basis	$ 36,356	$ 988	$ 35,368	$ 23,938
2nd quarter present value of cash flows expected to be less than the amortized cost basis	32,000	3,301	28,699	16,513
3rd quarter present value of cash flows expected to be less than the amortized cost basis	44,931	807	44,124	28,144
4th quarter present value of cash flows expected to be less than the amortized cost basis	54,257	2,573	51,684	41,432
Aggregate total	$ 167,544	$ 7,669	$ 159,875	$ 110,027

(Dollars in Thousands, Except per Share Data)

The following loan-backed and structured securities were held at December 31, 2013, for which an OTTI was recognized during the current reporting period:

CUSIP	Amortized Cost Before Current Period OTTI	Present Value of Projected Cash Flows	Recognized OTTI	Amortized Cost After OTTI	Fair Value at Time of OTTI	Quarter in which Impairment Occurred
02148YAJ3	336	327	9	327	180	1Q2013
14984WAA8	11,205	10,969	236	10,969	10,570	1Q2013
52108HV84	1,723	1,680	43	1,680	1,004	1Q2013
52524YAA1	72	–	72	–	–	1Q2013
759676AJ8	6,182	6,091	91	6,091	4,528	1Q2013
75970JAJ5	7,426	7,316	110	7,316	6,192	1Q2013
81379EAD4	5	–	5	–	–	1Q2013
81744FFD4	496	410	86	410	121	1Q2013
86358EZU3	1,628	1,411	217	1,411	267	1Q2013
12669GUR0	4,183	4,113	70	4,113	3,281	1Q2013
14984WAA8	10,701	10,522	179	10,522	10,201	2Q2013
52108HV84	1,611	1,218	393	1,218	973	2Q2013
52108HV84	1,218	701	517	701	994	3Q2013
59020UJZ9	261	172	89	172	406	3Q2013
759676AJ8	5,727	5,618	109	5,618	4,708	3Q2013
75970JAJ5	7,093	6,936	157	6,936	5,833	3Q2013
75970QAH3	674	657	17	657	576	3Q2013
81744FFD4	407	354	53	354	117	3Q2013
86358EZU3	1,393	941	452	941	168	3Q2013
291701CR9	50	18	32	18	14	3Q2013
12666UAC7	8,154	7,984	170	7,984	7,978	4Q2013
12668WAC1	7,972	7,700	272	7,700	7,133	4Q2013
759676AJ8	5,272	5,102	170	5,102	4,541	4Q2013
75970JAJ5	6,838	6,525	313	6,525	5,628	4Q2013
75970QAH3	650	619	31	619	575	4Q2013
81744FFD4	354	345	9	345	122	4Q2013
86358EZU3	105	97	8	97	15	4Q2013
12640WAG5	1,491	1,384	107	1,384	1,578	4Q2013
291701CR9	17	16	1	16	14	4Q2013

The unrealized losses of loan-backed and structured securities where fair value is less than cost or amortized cost for which an OTTI has not been recognized in earnings as of December 31, 2013 and 2012 is as follows:

	Losses 12 Months or More	Losses Less Than 12 Months
Year ended December 31, 2013		
The aggregate amount of unrealized losses	$ 17,238	$ 13,316
The aggregate related fair value of securities with unrealized losses	134,946	307,514

(Dollars in Thousands, Except per Share Data)

	Losses 12 Months or More	Losses Less Than 12 Months
Year ended December 31, 2012		
The aggregate amount of unrealized losses	$ 33,297	$ 937
The aggregate related fair value of securities with unrealized losses	162,801	55,252

Detail of net investment income is presented below:

	Year Ended December 31		
	2013	**2012**	**2011**
Income:			
Bonds	**$ 359,479**	$ 372,298	$ 396,157
Preferred stocks	**123**	130	148
Common stocks	**–**	1,693	1,302
Mortgage loans on real estate	**32,624**	39,468	44,625
Policy loans	**4,081**	4,038	4,034
Cash, cash equivalents and short-term investments	**427**	765	929
Derivatives	**18,515**	19,915	24,901
Other invested assets	**2,873**	639	2,548
Other	**1,953**	2,929	1,921
Gross investment income	**420,075**	441,875	476,565
Less investment expenses	**13,195**	14,747	13,035
Net investment income	**$ 406,880**	$ 427,128	$ 463,530

Proceeds from sales and other disposals (excluding maturities) of bonds and preferred stock and related gross realized capital gains and losses were as follows:

	Year Ended December 31		
	2013	**2012**	**2011**
Proceeds	**$ 1,131,813**	$ 1,913,219	$ 1,636,561
Gross realized gains	**$ 16,348**	$ 68,650	$ 44,316
Gross realized losses	**(6,761)**	(9,531)	(6,781)
Net realized capital gains	**$ 9,586**	$ 59,119	$ 37,535

The Company had gross realized losses for the years ended December 31, 2013, 2012 and 2011 of $4,299, $6,205 and $10,422, respectively, which relate to losses recognized on other-than-temporary declines in fair values of bonds and preferred stocks.

(Dollars in Thousands, Except per Share Data)

Net realized capital gains (losses) on investments are summarized below:

	Realized		
	Year Ended December 31		
	2013	**2012**	**2011**
Bonds	**$ 5,397**	$ 52,800	$ 27,113
Preferred stocks	**(110)**	115	–
Common stocks	**74**	91	(995)
Mortgage loans on real estate	**(123)**	(1,020)	290
Cash, cash equivalents and short-term investments	**3**	3	–
Derivatives	**(65,675)**	9,224	(32,729)
Other invested assets	**4,140**	3,939	3,074
	(56,294)	65,152	(3,247)
Federal income tax effect	**(4,221)**	(17,772)	(15,802)
Transfer to interest maintenance reserve	**(7,377)**	(38,563)	(23,955)
Net realized capital gains (losses) on investments	**$ (67,892)**	$ 8,817	$ (43,004)

At December 31, 2013 and 2012, the Company had recorded investment in restructured securities of $32 and $2,940, respectively. The capital gains (losses) taken as a direct result of restructures in 2013, 2012 and 2011 were $(16), $886 and $(603), respectively. The Company often has impaired a security prior to the restructure date. These impairments are not included in the calculation of restructure related losses and are accounted for as a realized loss, reducing the cost basis of the security involved.

The changes in net unrealized capital gains and losses on investments, including the changes in net unrealized foreign capital gains and losses were as follows:

	Change in Unrealized		
	Year Ended December 31		
	2013	**2012**	**2011**
Bonds	**$ 1,542**	$ 12,303	$ (7,611)
Common stocks	**(825)**	(1,627)	(1,216)
Affiliated entities	**(754)**	(45)	(145)
Derivatives	**(67,606)**	(87,646)	81,675
Other invested assets	**(330)**	5,277	1,233
	(67,973)	(71,738)	73,936
Taxes on unrealized capital gains/losses	**23,527**	25,092	(25,928)
Change in unrealized capital gains (losses), net of tax	**$ (44,446)**	$ (46,646)	$ 48,008

(Dollars in Thousands, Except per Share Data)

The credit quality of mortgage loans by type of property for the year ended December 31, 2013 were as follows:

	Farm	Commercial	Total
AAA - AA	**$ 16,000**	**$ 332,597**	**$ 348,597**
A	**7,073**	**173,894**	**180,967**
BBB	**4,133**	**14,990**	**19,123**
BB	**–**	**1,976**	**1,976**
B	**–**	**419**	**419**
	$ 27,206	**$ 523,876**	**$ 551,082**

The credit quality for commercial and farm mortgage loans was determined based on an internal credit rating model which assigns a letter rating to each mortgage loan in the portfolio as an indicator of the credit quality of the mortgage loan. The internal credit rating model was designed based on rating agency methodology, then modified for credit risk associated with the Company's mortgage lending process, taking into account such factors as projected future cash flows, net operating income, and collateral value. The model produces a credit rating score and an associated letter rating which is intended to align with S&P ratings as closely as possible. Information supporting the credit risk rating process is updated at least annually.

During 2013, the Company issued mortgage loans with a maximum interest rate of 5.31% and a minimum interest rate of 3.11% for commercial loans. During 2012, the Company issued mortgage loans with a maximum interest rate of 4.60% and a minimum interest rate of 3.21% for commercial loans. The maximum percentage of any one mortgage loan to the value of the underlying real estate originated during the year ending December 31, 2013 at the time of origination was 75%. The maximum percentage of any one mortgage loan to the value of the underlying real estate originated during the year ending December 31, 2012 at the time of origination was 70%. During 2013, the Company did not reduce the interest rate on any outstanding mortgage loan. During 2012, the Company reduced the interest rate by 1.0% of one outstanding mortgage loan in the amount of $8,362.

(Dollars in Thousands, Except per Share Data)

The following tables provide the age analysis of mortgage loans aggregated by type:

December 31, 2013		**Residential**		**Commercial**	
	Farm	**Insured**	**All Other**	**Insured**	**All Other**	**Mezzanine**
Recorded Investment (All)						
(a) Current	**$ 27,206**	**$ –**	**$ –**	**$ –**	**$ 521,637**	**$ 2,239**
(b) 30-59 Days Past Due	**–**	**–**	**–**	**–**	**–**	**–**
(c) 60-89 Days Past Due	**–**	**–**	**–**	**–**	**–**	**–**
(d) 90-179 Days Past Due	**–**	**–**	**–**	**–**	**–**	**–**
(e) 180+ Days Past Due	**–**	**–**	**–**	**–**	**–**	**–**

December 31, 2012		**Residential**		**Commercial**		
	Farm	**Insured**	**All Other**	**Insured**	**All Other**	**Mezzanine**
Recorded Investment (All)						
(a) Current	$ 40,383	$ –	$ –	$ –	$ 500,423	$ 2,231
(b) 30-59 Days Past Due	–	–	–	–	1,507	2
(c) 60-89 Days Past Due	–	–	–	–	–	–
(d) 90-179 Days Past Due	–	–	–	–	–	–
(e) 180+ Days Past Due	–	–	–	–	–	–

The Company did not have any impaired loans at December 31, 2013 or 2012. The Company did not hold an allowance for credit losses on mortgage loans at December 31, 2013, 2012 or 2011.

The Company accrues interest income on impaired loans to the extent deemed collectible (delinquent less than 91 days) and the loan continues to perform under its original or restructured contractual terms. Interest income on nonperforming loans generally is recognized on a cash basis. The Company did not recognize any interest income on impaired loans for the years ended December 31, 2013, 2012 or 2011. The Company did not recognize any interest income on a cash basis for the years ended December 31, 2013, 2012 or 2011.

During 2013 and 2012, there were no mortgage loans that were foreclosed and transferred to real estate. At December 31, 2013 and 2012, the Company held a mortgage loan loss reserve in the AVR of $7,164 and $5,173, respectively.

(Dollars in Thousands, Except per Share Data)

The Company's mortgage loan portfolio is diversified by geographic region and specific collateral property type as follows:

Geographic Distribution	December 31	
	2013	**2012**
Mountain	**22 %**	21 %
Pacific	**17**	16
W. South Central	**16**	13
South Atlantic	**13**	23
Middle Atlantic	**12**	16
W. North Central	**10**	1
E. North Central	**7**	6
E. South Central	**2**	3
New England	**1**	1

Property Type Distribution	December 31	
	2013	**2012**
Retail	**32 %**	32 %
Industrial	**32**	25
Office	**17**	16
Apartment	**6**	5
Medical	**5**	5
Agricultural	**5**	7
Other	**3**	10

During 2013, 2012 and 2011, the Company did not recognize any impairment write-downs for its investments in joint ventures and limited partnerships.

At December 31, 2013, the Company had ownership interest in four LIHTC investments. The remaining years of unexpired tax credits ranged from three to eleven and the properties were not subject to regulatory review. The length of time remaining for the holding period ranged from four to thirteen years. The amount of contingent equity commitments expected to be paid during 2014 to 2015 is $9,559. There were no impairment losses, write-downs or reclassifications during the year related to any of these credits.

At December 31, 2012, the Company had ownership interest in three LIHTC investments. The remaining years of unexpired tax credits ranged from four to ten and the properties were not subject to regulatory review. The length of time remaining for the holding period ranged from five to fourteen years. The amount of contingent equity commitments expected to be paid during 2013 was $2,127. There were no impairment losses, write-downs or reclassifications during the year related to any of these credits.

The Company recognized net realized gains (losses) from futures contracts in the amount of $(70,734), $77,308 and $(38,303) for the years ended December 31, 2013, 2012 and 2011, respectively.

At December 31, 2013 and 2012, the Company had replicated assets with a fair value of $515,990 and $462,061, respectively, and credit default swaps with a fair value of $7,454 and $137, respectively. The Company did not recognize any capital losses related to replication transactions in 2013 or 2011, while the Company recognized capital losses of $1,477 in 2012.

(Dollars in Thousands, Except per Share Data)

As stated in Note 1, the Company replicates investment grade corporate bonds by writing credit default swaps. As a writer of credit swaps, the Company actively monitors the underlying asset, being careful to note any events (default or similar credit event) that would require the Company to perform on the credit swap. If such events would take place, the Company has recourse provisions from the proceeds of the bankruptcy settlement of the underlying entity or by the sale of the underlying bond. As of December 31, 2013, credit default swaps, used in replicating corporate bonds are as follows:

Deal, Receive (Pay), Underlying	Maturity Date	Maximum Future Payout (Estimated)	Current Fair Value
51408,SWAP, USD 1 / (USD 0), :US670346AE56	3/20/2016	$ 10,000	$ 186
59020,SWAP, USD 1 / (USD 0), :US534187AM15	9/20/2016	20,000	287
51410,SWAP, USD 1 / (USD 0), :US168863AS74	3/20/2017	10,000	133
51409,SWAP, USD 1 / (USD 0), :XS0203685788	3/20/2017	11,000	197
51412,SWAP, USD 1 / (USD 0), :US50064FAD69	3/20/2017	10,000	198
51411,SWAP, USD 1 / (USD 0), :USY6826RAA06	3/20/2017	12,000	136
51413,SWAP, USD 1 / (USD 0), :US168863AS74	3/20/2017	10,000	133
51414,SWAP, USD 1 / (USD 0), :CDX IG 18	6/20/2017	20,000	430
51415,SWAP, USD 1 / (USD 0), :CDX IG 18	6/20/2017	20,000	430
43375,SWAP, USD 1 / (USD 0), :CDX IG 18	6/20/2017	5,000	107
51416,SWAP, USD 1 / (USD 0), :US836205AJ33	9/20/2017	8,500	(204)
51417,SWAP, USD 1 / (USD 0), :XS0114288789	9/20/2017	2,200	(25)
51418,SWAP, USD 1 / (USD 0), :US105756AL40	9/20/2017	3,200	(65)
43612,SWAP, USD 1 / (USD 0), :US455780AQ93	9/20/2017	2,000	(53)
46258,SWAP, USD 1 / (USD 0), :912828TJ9	12/20/2017	15,000	(209)
46320,SWAP, USD 1 / (USD 0), :912828TJ9	12/20/2017	15,000	(352)
46421,SWAP, USD 1 / (USD 0), :912828TJ9	12/20/2017	15,000	176
46535,SWAP, USD 1 / (USD 0), :912828TJ9	12/20/2017	15,000	(560)
46616,SWAP, USD 1 / (USD 0), :912828TJ9	12/20/2017	10,000	(139)
46846,SWAP, USD 1 / (USD 0), :912828TJ9	12/20/2017	5,000	59
47105,SWAP, USD 1 / (USD 0), :912810QV3	12/20/2017	25,000	532
47122,SWAP, USD 1 / (USD 0), :912828TJ9	12/20/2017	20,000	235
47184,SWAP, USD 1 / (USD 0), :912828TJ9	12/20/2017	5,000	(70)
47284,SWAP, USD 1 / (USD 0), :912810QV3	12/20/2017	10,000	213
59021,SWAP, USD 1 / (USD 0), :912803DP5	12/20/2017	20,000	426
59022,SWAP, USD 1 / (USD 0), :912803DQ3	12/20/2017	25,000	440
49133,SWAP, USD 5 / (USD 0), :912803DJ9	12/20/2017	10,000	1,568
49374,SWAP, USD 1 / (USD 0), :912803DJ9	12/20/2017	10,000	203
49893,SWAP, USD 1 / (USD 0), :12622DAC8	12/20/2017	10,000	146
50058,SWAP, USD 1 / (USD 0), :36248EAB1	12/20/2017	10,000	170
50222,SWAP, USD 1 / (USD 0), :36248EAB1	12/20/2017	10,000	224
60080,SWAP, USD 1 / (USD 0), :912828TY6	6/20/2018	30,000	593
60228,SWAP, USD 1 / (USD 0), :912828TY6	6/20/2018	5,000	80
63831,SWAP, USD 5 / (USD 0), :912810RA8	9/20/2020	10,000	2,058
66719,SWAP, USD 1 / (USD 0), :912810RB6	9/20/2020	20,000	(27)
63950,SWAP, USD 1 / (USD 0), :912810RB6	9/20/2020	15,000	(15)
63952,SWAP, USD 1 / (USD 0), :912810RB6	9/20/2023	20,000	(252)
64594,SWAP, USD 1 / (USD 0), :912810RA8	9/20/2020	25,000	64

(Dollars in Thousands, Except per Share Data)

At December 31, 2013 and 2012, the fair value of all derivative contracts, aggregated at a counterparty level, with a positive fair value amounted to $26,507 and $43,857, respectively.

At December 31, 2013 and 2012, the fair value of all derivative contracts, aggregated at a counterparty level, with a negative fair value amounted to $47,684 and $11,206, respectively.

At December 31, 2013 and 2012, the Company's outstanding financial instruments with on and off-balance sheet risks, shown in notional amounts, are summarized as follows:

	Notional Amount	
	2013	**2012**
Interest rate and currency swaps:		
Receive fixed - pay fixed	**$ 546,179**	$ 102,379
Swaps:		
Receive fixed - pay floating	**541,616**	1,111,262
Receive fixed - pay fixed	**39,994**	-
Receive floating - pay fixed	**141,000**	-
Receive floating - pay floating	**35,784**	-

Open futures contracts at December 31, 2013 and 2012 were as follows:

Long/Short	**Number of Contracts**	**Contract Type**	**Opening Fair Value**	**Year-End Fair Value**
December 31, 2013				
Long	**7**	**HANG SENG IDX FUT Jan14**	**$ 8,144**	**$ 8,166**
Long	**21**	**S&P 500 FUTURE Mar14**	**9,254**	**9,665**
Short	**320**	**S&P 500 FUTURE Mar14**	**141,730**	**147,288**
Long	**50**	**DJ EURO STOXX 50 Mar14**	**1,450**	**1,554**
Short	**31**	**S&P 500 E-MINI FUTURE Mar14**	**2,759**	**2,853**
Short	**85**	**FTSE 100 IDX FUT Mar14**	**5,314**	**5,692**
Short	**190**	**NASDAQ 100 E-MINI Mar14**	**13,186**	**13,618**
Short	**30**	**NIKKEI 225 (OSE) Mar14**	**488,477**	**488,700**

(Dollars in Thousands, Except per Share Data)

Long/Short	Number of Contracts	Contract Type	Opening Fair Value	Year-End Fair Value
December 31, 2012				
Long	3	HANG SENG IDX FUT Jan13	$ 437	$ 438
Short	(659)	S&P 500 FUTURE Mar13	(233,040)	(233,961)
Long	25	DJ EURO STOXX 50 Mar13	865	864
Short	(9)	S&P 500 E-MINI FUTURE Mar13	(633)	(639)
Short	(350)	FTSE 100 IDX FUT Mar13	(33,455)	(33,482)
Short	(540)	NASDAQ 100 E-MINI Mar13	(28,786)	(28,676)
Short	(50)	NIKKEI 225 (OSE) Mar13	(5,563)	(6,035)

For the years ended December 31, 2013, 2012 and 2011, the Company recorded unrealized gains (losses) of $(31,835), $34,383 and $121,858, respectively, for the component of derivative instruments utilized for hedging purposes that did not qualify for hedge accounting. This has been recorded directly to unassigned surplus as an unrealized gain. The Company did not recognize any unrealized gains or losses during 2013, 2012 or 2011 that represented the component of derivative instruments gain or loss that was excluded from the assessment of hedge effectiveness.

The following tables show the pledged or restricted assets as of December 31, 2013 and 2012, respectively:

	Gross Restricted Current Year				
Restricted Asset Category	**Total General Account (G/A)**	**G/A Supporting Separate Account (S/A) Activity**	**Total S/A Restricted Assets**	**S/A Assets Supporting G/A Activity**	**Total**
a. Subject to contractual obligation for which liability is not shown	$ -	$ -	$ -	$ -	$ -
b. Collateral held under security lending agreements	430,771	-	18,918	-	449,689
c. Subject to repurchase agreements	-	-	-	-	-
d. Subject to reverse repurchase agreements	-	-	-	-	-
e. Subject to dollar repurchase agreements	20,491	-	-	-	20,491
f. Subject to dollar reverse repurchase agreements	-	-	-	-	-
g. Placed under option contracts	-	-	-	-	-
h. Letter stock or securities restricted as to sale	-	-	-	-	-
i. On deposit with state(s)	3,276	-	-	-	3,276
j. On deposit with other regulatory bodies	-	-	-	-	-
k. Pledged as collateral not captured in other categories	36,135	-	-	-	36,135
l. Other restricted assets	-	-	-	-	-
m. Total Restricted Assets	$ 490,673	$ -	$ 18,918	$ -	$ 509,591

(Dollars in Thousands, Except per Share Data)

	Gross Restricted			Percentage	
Restricted Asset Category	**Total From Prior Year**	**Increase/ (Decrease)**	**Total Current Year Admitted Restricted**	**Gross Restricted to Total Assets**	**Admitted Restricted to Total Admitted Assets**
a. Subject to contractual obligation for which liability is not shown	$ -	$ -	$ -	0.00 %	0.00 %
b. Collateral held under security lending agreements	277,433	172,257	449,690	1.53	1.53
c. Subject to repurchase agreements	-	-	-	0.00	0.00
d. Subject to reverse repurchase agreements	-	-	-	0.00	0.00
e. Subject to dollar repurchase agreements	63,547	(43,057)	20,491	0.07	0.07
f. Subject to dollar reverse repurchase agreements	-	-	-	0.00	0.00
g. Placed under option contracts	-	-	-	0.00	0.00
h. Letter stock or securities restricted as to sale	-	-	-	0.00	0.00
i. On deposit with state(s)	3,292	(15)	3,276	0.01	0.01
j. On deposit with other regulatory bodies	-	-	-	0.00	0.00
k. Pledged as collateral not captured in other categories	19,516	16,618	36,135	0.12	0.12
l. Other restricted assets	-	-	-	0.00	0.00
m. Total Restricted Assets	$ 363,788	$ 145,803	$ 509,592	1.73 %	1.73 %

Assets pledged as collateral not captured in other categories includes invested assets with a carrying value of $36,135 and $19,516, respectively, in conjunction with derivative transactions as of December 31, 2013 and 2012, respectively.

6. Reinsurance

Certain premiums and benefits are assumed from and ceded to other insurance companies under various reinsurance agreements. The Company reinsures portions of the risk on certain insurance policies which exceed its established limits, thereby providing a greater diversification of risk and minimizing exposure on larger risks. The Company remains contingently liable with respect to any insurance ceded, and this would become an actual liability in the event that the assuming insurance company became unable to meet its obligation under the reinsurance treaty.

(Dollars in Thousands, Except per Share Data)

Premiums earned reflect the following reinsurance amounts:

	Year Ended December 31		
	2013	**2012**	**2011**
Direct premiums	**$ 5,269,131**	$ 4,960,351	$ 4,950,537
Reinsurance assumed - affiliates	**82**	81	104
Reinsurance assumed - non affiliates	**531,881**	633,476	621,553
Reinsurance ceded - affiliates	**(203,917)**	(278,372)	(359,404)
Reinsurance ceded - non affiliates	**(350,507)**	(375,188)	(786,320)
Net premiums earned	**$ 5,246,670**	$ 4,940,348	$ 4,426,470

Aggregate reserves for policies and contracts were reduced for reserve credits for reinsurance ceded to affiliates at December 31, 2013 and 2012 of $1,521,643 and $1,718,959, respectively.

The Company received reinsurance recoveries in the amounts of $470,789, $492,249 and $325,524 during 2013, 2012 and 2011, respectively. At December 31, 2013 and 2012, estimated amounts recoverable from reinsurers that have been deducted from policy and contract claim reserves totaled $145,050 and $159,544, respectively. The aggregate reserves for policies and contracts were reduced for reserve credits for reinsurance ceded at December 31, 2013 and 2012 of $2,010,935 and $2,201,388, respectively.

The Company would experience no reduction in surplus at December 31, 2013 or 2012 if all reinsurance agreements were cancelled.

The Company did not enter into any new reinsurance agreements in which a reserve credit was taken during the years ended December 31, 2013 or 2012.

During 2013, the Company recaptured certain treaties associated with the divestiture of the Transamerica Reinsurance operations that were previously ceded to an affiliate, for which net consideration received was $122,047, life and claim reserves recaptured were $281,190 and other assets recaptured were $9,615, resulting in a pre-tax loss of $149,528 which was included in the statement of operations.

During 2013, the Company also recaptured certain treaties associated with the divestiture of the Transamerica Reinsurance operations that were previously ceded to a non-affiliate, for which net consideration paid was $5,456, life and claim reserves recaptured were $31,857, other assets recaptured were $6,677 and the unamortized gain related to these blocks was released into income from surplus of $2,244 ($1,458 after tax), resulting in a pre-tax loss of $28,392, which was included in the statement of operations.

Subsequent to certain 2013 recaptures, the Company novated certain treaties to a non-affiliate, in which consideration paid was $116,591, life and claim reserves released were $313,047 and other assets were transferred associated with the business of $16,292, resulting in a pre-tax gain of $180,164, which was included in the statement of operations.

The Company novated third party assumed retrocession agreements during 2013 that were previously retroceded to a non-affiliate in which no net consideration was exchanged. Life and claim reserves were exchanged in the amount of $2,044, other assets were exchanged in the amount of $103 and other liabilities were exchanged in the amount of $256. As a result, there was no net financial impact from these transactions on a pre-tax basis, as assumed and ceded reserves along with other assets and other liabilities exchanged were impacted by equivalent amounts.

During 2013, the Company recaptured certain treaties from a non-affiliate, for which net consideration received was $770, life and claim reserves recaptured were $1,215, and premiums recaptured were $255, resulting in a pre-tax loss of $190, which was included in the statement of operations.

Amortization of previously deferred gains associated with the divestiture of the Transamerica Reinsurance operations was released into income in the amount of $20,316 ($13,206 after tax) during 2013.

During 2012, the Company recaptured certain treaties associated with the divestiture of the Transamerica Reinsurance operations that were previously ceded to an affiliate, for which net consideration paid was $9,487, life and claim reserves recaptured were $12,438 and other assets recaptured were $391, resulting in a pre-tax loss of $21,534 which was included in the statement of operations.

During 2012, the Company recaptured certain treaties associated with the divestiture of the Transamerica Reinsurance operations that were previously ceded to a non-affiliate, for which net consideration paid was $27,425, life and claim reserves recaptured were $97,403, other assets recaptured were $7,410 and the unamortized gain related to these blocks was released into income from surplus of $9,990, ($6,556 after tax), resulting in a pre-tax loss of $107,428, which was included in the statement of operations.

Subsequent to the recaptures that took place during 2012, the Company reinsured to a non-affiliate certain treaties associated with the business that was previously ceded to an affiliate, for which a reinsurance premium and ceding commission were received in the amount of $843 and $6,904, respectively, and life and claim reserves transferred were $7,971, resulting in a pre-tax gain of $15,718 ($10,217 net of tax), which was credited directly to unassigned surplus on a net of tax basis.

Subsequent to the recaptures that took place during 2012, the Company reinsured to an affiliate certain treaties associated with the business that was previously ceded to a non-affiliate, for which a reinsurance premium was paid in the amount of $13,711, ceding commission was received in the amount of $18,696, life and claim reserves transferred were $78,778 and other assets were transferred in the amount of $3,549, resulting in a pre-tax gain of $80,214 ($52,139 net of tax), which was credited directly to unassigned surplus on a net of tax basis.

Also subsequent to certain 2012 recaptures, the Company novated certain treaties to a non-affiliate, in which consideration received was $24,179, life and claim reserves released were $23,092 and other assets were transferred associated with the business of $4,251, resulting in a pre-tax gain of $43,020, which was included in the statement of operations.

On April 26, 2011, Aegon N.V. announced the divestiture of its life reinsurance operations, Transamerica Reinsurance, to SCOR, which was effective August 9, 2011. The life reinsurance business conducted by Transamerica Reinsurance was written through several of Aegon N.V.'s U.S. and international affiliates, all of which remain Aegon N.V. affiliates following the closing, except for Transamerica International Reinsurance Ireland, Limited (TIRI), an Irish reinsurance company. As a result of this transaction, the Company entered into a series of recapture and reinsurance agreements during the third and fourth quarters of 2011 which directly resulted in a pre-tax loss of $474,720 which was included in the statement of operations, and a net of tax gain of $400,760 which has been credited directly to unassigned surplus. These amounts include current year amortization of previously deferred gains, as well as releases of previously deferred gains from unassigned surplus into earnings related to these transactions. Additional information surrounding these transactions is outlined below.

Effective August 9, 2011, the Company recaptured business that was associated with the divestiture of the Transamerica Reinsurance operations which was previously retroceded on a coinsurance basis to an affiliate. The Company received recapture consideration of $55,356, recaptured reserves of $293,975, recaptured other assets of $8,586 and released into income a previously deferred unamortized gain resulting from the original transaction in the amount of $2,297, resulting in a pre-tax loss of $227,736 which has been included in the statement of operations. Prior to this transaction, the Company amortized $498, net of tax, of the deferred gain related to the initial transaction into earnings with a corresponding charge directly to unassigned surplus in 2011.

Subsequently, effective August 9, 2011, the Company ceded business that was associated with the divestiture of the Transamerica Reinsurance operations on a coinsurance basis to a non-affiliate. The Company paid a net reinsurance premium of $549,682, received an initial ceding commission of $219,000, transferred other assets in the amount of $12,548 and released net reserves of $790,263. The Company paid an experience refund in the amount of $84,770 to an affiliate and released IMR associated with certain business in the amount of $13,086. These transactions resulted in a net of tax gain of $248,557, which has been credited directly to unassigned surplus. During 2011, the Company amortized $7,712, net of tax, of the deferred gain into earnings with a corresponding charge directly to unassigned surplus.

Effective October 1, 2011, the Company recaptured business that was associated with the divestiture of the Transamerica Reinsurance operations which was previously retroceded on a coinsurance basis to a non-affiliate. The Company paid recapture consideration of $9,840, recaptured reserves of $402,503, recaptured other net assets of $10,226 and released into income a previously deferred unamortized gain resulting from the original transaction in the amount of $230,033, resulting in a pre-tax loss of $172,084, which has been included in the statement of operations. Subsequently, effective October 1, 2011, the Company ceded this business on a coinsurance basis to an affiliate and as a result received cash, transferred other net assets and released reserves consistent with the amounts recaptured, resulting in a net of tax gain of $262,245, which has been credited directly to unassigned surplus.

Effective October 1, 2011, the Company recaptured business that was associated with the divestiture of the Transamerica Reinsurance operations which was previously retroceded on a coinsurance basis to an affiliate. The Company received recapture consideration of $30,305, recaptured reserves of $123,935 and recaptured other assets of $17,964, resulting in a pre-tax loss of $75,666, which has been included in the statement of operations. Subsequently, effective October 1, 2011, the Company ceded this business on a coinsurance basis to a non-affiliate and as a result paid cash, transferred other assets and released reserves consistent with the amounts recaptured, resulting in a net of tax gain of $49,183, which has been credited directly to unassigned surplus.

During the last half of 2011, the Company recaptured the business that was associated with the divestiture of the Transamerica Reinsurance operations from several Aegon N.V. affiliates. This business was subsequently ceded to SCOR entities and in addition, retrocession reinsurance treaties were executed. The Company assigned certain third party retrocession agreements to SCOR entities as a component of the divestiture of the Transamerica Reinsurance operations and the associated Master Retrocession Agreement. As a result, the unaffiliated retrocession reinsurance treaties were assigned from the Company to a SCOR entity, resulting in this risk being ceded to SCOR and subsequently to the unaffiliated third parties. The reserves and assets associated with these assignments were $87,665, where the counterparty's net reserves ceded exchanged counterparties with no consideration exchanged, resulting in no net income or surplus impact to the Company.

(Dollars in Thousands, Except per Share Data)

During 2011, the Company amortized deferred gains from reinsurance transactions occurring prior to 2010 of $1,991, respectively, into earnings on a net of tax basis with a corresponding charge to unassigned surplus. The Company did not amortize any deferred gains from reinsurance transactions occurring prior to 2011 into earnings during 2013 or 2012.

7. Income Taxes

The net deferred income tax asset at December 31, 2013 and 2012 and the change from the prior year are comprised of the following components:

	December 31, 2013		
	Ordinary	**Capital**	**Total**
Gross Deferred Tax Assets	**$ 86,427**	**$ 16,998**	**$ 103,425**
Statutory Valuation Allowance Adjustment	**–**	**–**	**–**
Adjusted Gross Deferred Tax Assets	**86,427**	**16,998**	**103,425**
Deferred Tax Assets Nonadmitted	**22,381**	**–**	**22,381**
Subtotal (Net Deferred Tax Assets)	**64,046**	**16,998**	**81,044**
Deferred Tax Liabilities	**32,805**	**6,641**	**39,446**
Net Admitted Deferred Tax Assets	**$ 31,241**	**$ 10,357**	**$ 41,598**

	December 31, 2012		
	Ordinary	**Capital**	**Total**
Gross Deferred Tax Assets	$ 113,219	$ 22,618	$ 135,837
Statutory Valuation Allowance Adjustment	–	–	–
Adjusted Gross Deferred Tax Assets	113,219	22,618	135,837
Deferred Tax Assets Nonadmitted	11,932	–	11,932
Subtotal (Net Deferred Tax Assets)	101,287	22,618	123,905
Deferred Tax Liabilities	45,060	9,824	54,884
Net Admitted Deferred Tax Assets	$ 56,227	$ 12,794	$ 69,021

	Change		
	Ordinary	**Capital**	**Total**
Gross Deferred Tax Assets	$ (26,792)	$ (5,620)	$ (32,412)
Statutory Valuation Allowance Adjustment	–	–	–
Adjusted Gross Deferred Tax Assets	(26,792)	(5,620)	(32,412)
Deferred Tax Assets Nonadmitted	10,449	–	10,449
Subtotal (Net Deferred Tax Assets)	(37,241)	(5,620)	(42,861)
Deferred Tax Liabilities	(12,255)	(3,183)	(15,438)
Net Admitted Deferred Tax Assets	$ (24,986)	$ (2,437)	$ (27,423)

(Dollars in Thousands, Except per Share Data)

The main components of deferred income tax amounts are as follows:

Deferred Tax Assets:

	Year Ended December 31		
	2013	**2012**	**Change**
Ordinary			
Discounting of unpaid losses	**$ 125**	$ 239	$ (114)
Policyholder reserves	**56,040**	79,398	(23,358)
Deferred acquisition costs	**21,222**	18,294	2,928
Receivables - nonadmitted	**1,805**	2,430	(625)
Section 197 Intangible Amortization	**90**	119	(29)
Guaranty fund accrual	**1,400**	6,189	(4,789)
Reinsurance to unauthroized companies	**171**	181	(10)
Assumption Reinsurance	**5,355**	6,176	(821)
Other (including items <5% of ordinary tax assets)	**219**	193	26
Subtotal	**86,427**	113,219	(26,792)
Statutory valuation allowance adjustment	**–**	–	–
Nonadmitted	**22,381**	11,932	10,449
Admitted ordinary deferred tax assets	**64,046**	101,287	(37,241)
Capital:			
Investments	**16,998**	22,618	(5,620)
Subtotal	**16,998**	22,618	(5,620)
Statutory valuation allowance adjustment	**–**	–	–
Nonadmitted	**–**	–	–
Admitted capital deferred tax assets	**16,998**	22,618	(5,620)
Admitted deferred tax assets	**$ 81,044**	$ 123,905	$ (42,861)

(Dollars in Thousands, Except per Share Data)

	Year Ended December 31		
	2013	**2012**	**Change**
Deferred Tax Liabilities:			
Ordinary			
Investments	**$ 13,855**	$ 10,496	$ 3,359
§807(f) adjustment	**5,893**	7,302	(1,409)
Reinsurance ceded	**13,055**	14,225	(1,170)
Other (including items <5% of total ordinary tax liabilities)	**2**	18	(16)
Subtotal	**32,805**	32,041	764
Capital			
Investments	**6,641**	22,843	(16,202)
Subtotal	**6,641**	22,843	(16,202)
Deferred tax liabilities	**39,446**	54,884	(15,438)
Net deferred tax assets/liabilities	**$ 41,598**	$ 69,021	$ (27,423)

The Company did not report a valuation allowance for deferred income tax assets as of December 31, 2013 or 2012.

As discussed in Note 1, for the years ended December 31, 2013 and 2012 the Company admits deferred income tax assets pursuant to SSAP No. 101. The amount of admitted adjusted gross deferred income tax assets under each component of SSAP No. 101 is as follows:

	December 31, 2013		
	Ordinary	**Capital**	**Total**
Admission Calculation Components SSAP No. 101			
2(a) Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks	**$ 31,241**	**$ 10,357**	**$ 41,598**
2(b) Adjusted Gross Deferred Tax Assets Expected to be Realized (Excluding The Amount of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation (the Lesser of 2(b)1 and 2(b)2 below)	**–**	**–**	**–**
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date	**–**	**–**	**–**
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold	**XXX**	**XXX**	**133,947**
2(c) Adjusted Gross Deferred Tax Assets (Excluding The Amount Of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities	**32,805**	**6,641**	**39,446**
2(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101, Total (2(a) + 2(b) + 2(c))	**$ 64,046**	**$ 16,998**	**$ 81,044**

(Dollars in Thousands, Except per Share Data)

	December 31, 2012		
	Ordinary	**Capital**	**Total**
Admission Calculation Components SSAP No. 101			
2(a) Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks	$ 56,227	$ 12,794	$ 69,021
2(b) Adjusted Gross Deferred Tax Assets Expected to be Realized (Excluding The Amount of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation (the Lesser of 2(b)1 and 2(b)2 below)	–	–	–
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date	–	–	–
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold	XXX	XXX	116,020
2(c) Adjusted Gross Deferred Tax Assets (Excluding The Amount Of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities	45,060	9,824	54,884
2(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101, Total (2(a) + 2(b) + 2(c))	$ 101,287	$ 22,618	$ 123,905

	Change		
	Ordinary	**Capital**	**Total**
Admission Calculation Components SSAP No. 101			
2(a) Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks	$ (24,986)	$ (2,437)	$ (27,423)
2(b) Adjusted Gross Deferred Tax Assets Expected to be Realized (Excluding The Amount of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation (the Lesser of 2(b)1 and 2(b)2 below)	–	–	–
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date	–	–	–
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold	XXX	XXX	17,927
2(c) Adjusted Gross Deferred Tax Assets (Excluding The Amount Of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities	(12,255)	(3,183)	(15,438)
2(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101, Total (2(a) + 2(b) + 2(c))	$ (37,241)	$ (5,620)	$ (42,861)

(Dollars in Thousands, Except per Share Data)

	December 31		
	2013	**2012**	**Change**
Ratio Percentage Used To Determine Recovery Period and Threshold Limitation Amount	**998%**	809%	189%
Amount of Adjusted Capital and Surplus Used To Determine Recovery Period and Threshold Limitation in 2(b)2 above	**$ 892,721**	$ 766,655	$ 126,066

The impact of tax planning strategies at December 31, 2013 and 2012 was as follows:

	December 31, 2013		
	Ordinary Percent	**Capital Percent**	**Total Percent**
Impact of Tax Planning Strategies:			
Adjusted Gross DTAs	**$ 86,427**	**$ 16,998**	**$ 103,425**
(% of Total Adjusted Gross DTAs)	**0%**	**39%**	**6%**
Net Admitted Adjusted Gross DTAs	**$ 64,046**	**$ 16,998**	**$ 81,044**
(% of Total Net Admitted Adjusted Gross DTAs)	**0%**	**0%**	**0%**

	December 31, 2012		
	Ordinary Percent	**Capital Percent**	**Total Percent**
Impact of Tax Planning Strategies:			
Adjusted Gross DTAs	$ 113,219	$ 22,618	$ 135,837
(% of Total Adjusted Gross DTAs)	0%	0%	0%
Net Admitted Adjusted Gross DTAs	$ 101,287	$ 22,618	$ 123,905
(% of Total Net Admitted Adjusted Gross DTAs)	0%	0%	0%

	Change		
	Ordinary Percent	**Capital Percent**	**Total Percent**
Impact of Tax Planning Strategies:			
Adjusted Gross DTAs	$ (26,792)	$ (5,620)	$ (32,412)
(% of Total Adjusted Gross DTAs)	0%	39%	6%
Net Admitted Adjusted Gross DTAs	$ (37,241)	$ (5,620)	$ (42,861)
(% of Total Net Admitted Adjusted Gross DTAs)	0%	0%	0%

(Dollars in Thousands, Except per Share Data)

The Company's tax planning strategies do not include the use of reinsurance-related tax planning strategies.

Current income taxes incurred consist of the following major components:

	Year Ended December 31		
	2013	**2012**	**Change**
Current Income Tax			
Federal	**$ 14,157**	$ 110,930	$ (96,773)
Foreign	**–**	–	–
Subtotal	**14,157**	110,930	(96,773)
Federal income tax on net capital gains	**4,221**	17,772	(13,551)
Federal and foreign income taxes incurred	**$ 18,378**	$ 128,702	$ (110,324)

	Year Ended December 31		
	2012	2011	Change
Federal	$ 110,930	$ 44,789	$ 66,141
Foreign	–	–	–
Subtotal	110,930	44,789	66,141
Federal income tax on net capital gains	17,772	15,802	1,970
Utilization of capital loss carry-forwards	–	–	–
Other	–	–	–
Federal and foreign income taxes incurred	$ 128,702	$ 60,591	$ 68,111

(Dollars in Thousands, Except per Share Data)

The Company's current income tax incurred and change in deferred income tax differs from the amount obtained by applying the federal statutory rate of 35% to income before tax as follows:

	Year Ended December 31		
	2013	**2012**	**2011**
Current income taxes incurred	**$ 18,378**	$ 128,702	$ 60,591
Change in deferred income taxes (without tax on unrealized gains and losses)	**40,501**	12,128	7,754
Total income tax reported	**$ 58,879**	$ 140,830	$ 68,345
Income before taxes	**$ 251,898**	$ 365,242	$ (182,234)
	35.00%	35.00%	35.00%
Expected income tax expense (benefit) at 35% statutory rate	**$ 88,164**	$ 127,835	$ (63,782)
Increase (decrease) in actual tax reported resulting from:			
Dividends received deduction	**(4,591)**	(4,308)	(3,958)
Tax credits	**(2,911)**	(3,148)	(2,217)
Tax adjustment for IMR	**(16,134)**	6,726	(10,326)
Surplus adjustment for in-force ceded	**(5,132)**	12,782	140,266
Nondeductible expenses	**15**	15	2,882
Deferred tax benefit on other items in surplus	**(371)**	(7,149)	(1,343)
Provision to return	**(336)**	(1,968)	(454)
Life-owned life insurance	**–**	–	(281)
Dividends from certain foreign corporations	**74**	39	30
Prior period adjustment	**–**	10,356	4,791
Other	**101**	(350)	2,737
Total income tax reported	**$ 58,879**	$ 140,830	$ 68,345

For federal income tax purposes, the Company joins in a consolidated income tax return filing with its indirect parent company, Transamerica Corporation, and other affiliated companies. The method of allocation between the companies is subject to a written tax allocation agreement. Under the terms of the tax allocation agreement, allocations are based on separate income tax return calculations. The Company is entitled to recoup federal income taxes paid in the event the future losses and credits reduce the greater of the Company's separately computed income tax liability or the consolidated group's income tax liability in the year generated. The Company is also entitled to recoup federal income taxes paid in the event the losses and credits reduce the greater of the Company's separately computed income tax liability or the consolidated group's income tax liability in any carryback or carryforward year when so applied. Intercompany income tax balances are settled within thirty days of payment to or filing with the Internal Revenue Service. A tax return has not yet been filed for 2013.

As of December 31, 2013 and 2012, the Company had no operating loss, capital loss or tax credit carryforwards available for tax purposes.

The Company incurred income taxes during 2013, 2012 and 2011 of $14,455, $93,620 and $113,223, respectively, which will be available for recoupment in the event of future net losses.

The amount of tax contingencies calculated for the Company as of December 31, 2013 and 2012 is $17 and $32, respectively. The total amount of tax contingencies that, if recognized, would affect the effective income tax rate is $17. The Company classifies interest and penalties related to income taxes as interest expense and penalty expense, respectively. The Company's interest (benefit) expense related to income taxes for the years ending December 31, 2013, 2012 and 2011 is $25, $(203) and $(25), respectively. The total interest payable balance as of December 31, 2013 and 2012 is $1 and $2, respectively. The Company recorded no liability for penalties. It is not anticipated that the total amounts of unrecognized tax benefits will significantly increase within twelve months of the reporting date.

The Company's federal income tax returns have been examined by the Internal Revenue Service and closing agreements have been executed through 2004. The examination for the years 2005 through 2006 have been completed and resulted in tax return adjustments that are currently undergoing final calculation at appeal. The examination for the years 2007 through 2008 has been completed and resulted in tax return adjustments that are currently being appealed. An examination is already in progress for the years 2009 and 2010. The Company believes that there are adequate defenses against or sufficient provisions established related to any open or contested tax positions.

8. Policy and Contract Attributes

Participating life insurance policies were issued by the Company which entitle policyholders to a share in the earnings of the participating policies, provided that a dividend distribution, which is determined annually based on mortality and persistency experience of the participating policies, is authorized by the Company.

For the years ended December 31, 2013 and 2012, there were no premiums for participating life insurance policies. For the year ended 2011, premiums for participating life insurance policies were $111. The Company accounts for its policyholder dividends based on dividend scales and experience of the policies. The Company did not pay any dividends to policyholders during 2013, 2012 or 2011.

(Dollars in Thousands, Except per Share Data)

A portion of the Company's policy reserves and other policyholders' funds (including separate account liabilities) relates to liabilities established on a variety of the Company's annuity and deposit fund products. There may be certain restrictions placed upon the amount of funds that can be withdrawn without penalty. The amount of reserves on these products, by withdrawal characteristics, is summarized as follows:

	December 31 2013				
	General Account	**Separate Account with Guarantees**	**Separate Account Non-Guaranteed**	**Total**	**Percent**
Subject to discretionary withdrawal					
With fair value adjustment	**$ 794,222**	**$ 96,875**	**$ –**	**$ 891,097**	**3 %**
At book value less surrender charge of 5% or more	**907,482**	**44,403**	**–**	**951,885**	**4**
At fair value	**9,335**	**495,948**	**10,969,025**	**11,474,308**	**44**
Total with adjustment or at fair value	**1,711,039**	**637,226**	**10,969,025**	**13,317,290**	**51**
At book value without adjustment (minimal or no charge or adjustment)	**3,705,571**	**61,651**	**–**	**3,767,222**	**14**
Not subject to discretionary withdrawal provision	**920,466**	**6,567,686**	**1,679,657**	**9,167,809**	**35**
Total annuity reserves and deposit liabilities	**6,337,076**	**7,266,563**	**12,648,682**	**26,252,321**	**100 %**
Less reinsurance ceded	**1,308**	**–**	**–**	**1,308**	
Net annuity reserves and deposit liabilities	**$ 6,335,768**	**$ 7,266,563**	**$ 12,648,682**	**$ 26,251,013**	

	December 31 2012				
	General Account	**Separate Account with Guarantees**	**Separate Account Non-Guaranteed**	**Total**	**Percent**
Subject to discretionary withdrawal					
With fair value adjustment	$ 863,230	$ 100,861	$ –	$ 964,091	4 %
At book value less surrender charge of 5% or more	963,783	47,733	–	1,011,516	4
At fair value	6,586	485,825	7,974,208	8,466,619	35
Total with adjustment or at fair value	1,833,599	634,419	7,974,208	10,442,226	43
At book value without adjustment (minimal or no charge or adjustment)	3,963,343	66,275	–	4,029,618	17
Not subject to discretionary withdrawal provision	964,662	6,566,022	1,965,950	9,496,634	40
Total annuity reserves and deposit liabilities	6,761,604	7,266,716	9,940,158	23,968,478	100 %
Less reinsurance ceded	1,978	–	–	1,978	
Net annuity reserves and deposit liabilities	$ 6,759,626	$ 7,266,716	$ 9,940,158	$ 23,966,500	

(Dollars in Thousands, Except per Share Data)

Separate account assets held by the Company represent contracts where the benefit is determined by the performance of the investments held in the separate account. Information regarding the separate accounts of the Company as of and for the years ended December 31, 2013, 2012 and 2011 is as follows:

	Nonindexed Guarantee Less Than or Equal to 4%	Nonguaranteed Separate Accounts	Total
Premiums, deposits and other considerations for the year ended December 31, 2013	$ 1,806,215	$ 2,675,714	$ 4,481,929
Reserves for separate acccounts as of December 31, 2013 with assets at:			
Fair value	$ –	$ 12,736,654	$ 12,736,654
Amortized cost	7,266,563	–	7,266,563
Total as of December 31, 2013	$ 7,266,563	$ 12,736,654	$ 20,003,217
Reserves for separate accounts by withdrawal characteristics as of December 31, 2013:			
Subject to discretionary withdrawal:			
With fair value adjustment	$ 96,875	$ –	$ 96,875
At book value without fair value adjustment and with current surrender charge of 5% or more	44,403	–	44,403
At fair value	495,948	11,056,997	11,552,945
At book value without fair value adjustment and with current surrender charge of less than 5%	61,651	–	61,651
Subtotal	698,877	11,056,997	11,755,874
Not subject to discretionary withdrawal	6,567,686	1,679,657	8,247,343
Total separate account reserves at December 31, 2013	$ 7,266,563	$ 12,736,654	$ 20,003,217

(Dollars in Thousands, Except per Share Data)

	Nonindexed Guarantee Less Than or Equal to 4%	Nonguaranteed Separate Accounts	Total
Premiums, deposits and other considerations for the year ended December 31, 2012	$ 1,805,525	$ 2,357,927	$ 4,163,452
Reserves for separate acccounts as of December 31, 2012 with assets at:			
Fair value	$ –	$ 10,008,134	$ 10,008,134
Amortized cost	7,266,715	–	7,266,715
Total as of December 31, 2012	$ 7,266,715	$ 10,008,134	$ 17,274,849
Reserves for separate accounts by withdrawal characteristics as of December 31, 2012:			
Subject to discretionary withdrawal:			
With fair value adjustment	$ 100,860	$ –	$ 100,860
At book value without fair value adjustment and with current surrender charge of 5% or more	47,733	–	47,733
At fair value	485,825	8,042,184	8,528,009
At book value without fair value adjustment and with current surrender charge of less than 5%	66,275	–	66,275
Subtotal	700,693	8,042,184	8,742,877
Not subject to discretionary withdrawal	6,566,022	1,965,950	8,531,972
Total separate account reserves at December 31, 2012	$ 7,266,715	$ 10,008,134	$ 17,274,849

	Nonindexed Guarantee Less Than or Equal to 4%	Nonguaranteed Separate Accounts	Total
Premiums, deposits and other considerations for the year ended December 31, 2011	$ 2,184,262	$ 2,035,362	$ 4,219,624
Reserves for separate accounts as of December 31, 2011 with assets at:			
Fair value	$ –	$ 8,294,680	$ 8,294,680
Amortized cost	7,036,920	–	7,036,920
Total as of December 31, 2011	$ 7,036,920	$ 8,294,680	$ 15,331,600
Reserves for separate accounts by withdrawal characteristics as of December 31, 2011:			
Subject to discretionary withdrawal:			
With fair value adjustment	$ 132,777	$ –	$ 132,777
At book value without fair value adjustment and with current surrender charge of 5% or more	50,323	–	50,323
At fair value	444,165	6,301,437	6,745,602
At book value without fair value adjustment and with current surrender charge of less than 5%	69,871	–	69,871
Subtotal	697,136	6,301,437	6,998,573
Not subject to discretionary withdrawal	6,339,784	1,993,243	8,333,027
Total separate account reserves at December 31, 2011	$ 7,036,920	$ 8,294,680	$ 15,331,600

(Dollars in Thousands, Except per Share Data)

A reconciliation of the amounts transferred to and from the Company's separate accounts is presented below:

	Year Ended December 31		
	2013	**2012**	**2011**
Transfer as reported in the summary of operations of the separate accounts statement:			
Transfers to separate accounts	**$ 4,481,983**	$ 4,163,485	$ 4,219,645
Transfers from separate accounts	**(3,287,943)**	(3,220,563)	(3,075,684)
Net transfers to separate accounts	**1,194,040**	942,922	1,143,961
Miscellaneous reconciling adjustments	**(9)**	8	(63)
Net transfers as reported in the statements of operations of the life, accident and health annual statement	**$ 1,194,031**	$ 942,930	$ 1,143,898

The legal insulation of separate account assets prevents such assets from being generally available to satisfy claims resulting from the general account. At December 31, 2013 and 2012, the Company's separate account statement included legally insulated assets of $20,293,235 and $17,590,145, respectively. The assets legally insulated from general account claims at December 31, 2013 and 2012 are attributed to the following products:

	2013	**2012**
Variable life	**$ 98,422**	$ 80,147
Variable annuities	**9,040,471**	6,288,266
Market value separate accounts	**1,759,358**	1,550,300
Par annuities	**1,958,911**	2,220,569
Book value separate accounts	**7,436,073**	7,450,863
Total separate account assets	**$ 20,293,235**	$ 17,590,145

Some separate account liabilities are guaranteed by the general account. In accordance with the guarantees provided, if the investment proceeds are insufficient to cover the rate of return guaranteed for the product, the policyholder proceeds will be remitted by the general account. As of December 31, 2013 and 2012, the general account of the Company had a maximum guarantee for separate account liabilities of $32,328 and $47,317, respectively. To compensate the general account for the risk taken, the separate account paid risk charges of $32,926, $31,916 and $27,094 to the general account in 2013, 2012 and 2011, respectively. During the years ended December 31, 2013, 2012 and 2011, the general account of the Company had paid $680, $619 and $1,542, respectively, toward separate account guarantees.

At December 31, 2013 and 2012, the Company reported guaranteed separate account assets at amortized cost in the amount of $7,436,073 and $7,450,863, respectively, based upon the prescribed practice granted by the State of New York as described in Note 2. These assets had a fair value of $7,414,425 and $7,618,858 at December 31, 2013 and 2012, respectively, which would have resulted in an unrealized (loss) gain of $(21,648) and $167,995, respectively, had these assets been reported at fair value.

The Company participates in securities lending within the separate account. The Company follows the same policies and procedures as the general account for such transactions conducted from the separate account. See Note 10 for a discussion of securities lending policies and procedures. As of December 31, 2013 and 2012, securities with a book value of $18,918 and $21,171, respectively, were on loan under securities lending agreements, which represents less than one percent of total separate account assets. The Company does not obtain approval or otherwise provide notification to contract holders regarding securities lending transactions that occur with separate account assets. However, the Company requires that borrowers pledge collateral worth 102% of the value of the loaned securities. As of December 31, 2013, the Company held collateral from securities lending transactions in the form of cash and on open terms in the amount of $19,307. This cash collateral is reinvested in a registered money market fund and is not available for general corporate purposes.

For variable annuities with guaranteed living benefits and variable annuities with minimum guaranteed death benefits the Company complies with Actuarial Guideline XLIII (AG 43), which replaces Actuarial Guidelines 34 and 39. AG 43 specifies statutory reserve requirements for variable annuity contracts with benefit guarantees (VACARVM) and without benefit guarantees and related products. The AG 43 reserve calculation includes variable annuity products issued after January 1, 1981. Examples of covered guaranteed benefits include guaranteed minimum accumulation benefits, return of premium death benefits, guaranteed minimum income benefits, guaranteed minimum withdrawal benefits and guaranteed payout annuity floors. The aggregate reserve for contracts falling within the scope of AG 43 is equal to the conditional tail expectation (CTE) Amount, but not less than the standard scenario amount (SSA).

To determine the CTE Amount, the Company used 1,000 of the pre-packaged scenarios developed by the American Academy of Actuaries (AAA) produced in October 2005 and prudent estimate assumptions based on Company experience. The SSA was determined using the assumptions and methodology prescribed in AG 43 for determining the SSA.

(Dollars in Thousands, Except per Share Data)

At December 31, 2013 and 2012, the Company had variable annuities with minimum guaranteed benefits as follows:

Benefit and Type of Risk	Subjected Account Value	Amount of Reserve Held	Reinsurance Reserve Credit
December 31, 2013			
Guaranteed Minimum Withdrawal Benefit	**$ 5,310,395**	**$ 41,397**	**$ –**
Guaranteed Minimum Death Benefit	**1,600,493**	**2,659**	**1,308**
December 31, 2012			
Guaranteed Minimum Withdrawal Benefit	$ 4,849,846	$ 131,770	$ –
Guaranteed Minimum Death Benefit	1,373,096	7,639	1,978

Reserves on the Company's traditional life insurance products are computed using mean reserving methodologies. These methodologies result in the establishment of assets for the amount of the net valuation premiums that are anticipated to be received between the policies's paid-through date to the policy's next anniversary date. At December 31, 2013 and 2012, the gross premium and loading amounts related to these assets (which are reported as premiums deferred and uncollected), are as follows:

	Gross	Loading	Net
December 31, 2013			
Life and annuity:			
Ordinary first-year business	**$ 208**	**$ 188**	**$ 20**
Ordinary renewal business	**138,879**	**1,259**	**137,620**
Group life business	**527**	**113**	**414**
Credit life	**252**	**–**	**252**
Reinsurance ceded	**(132,124)**	**–**	**(132,124)**
Total life and annuity	**7,742**	**1,560**	**6,182**
Accident and health	**4,284**	**–**	**4,284**
	$ 12,026	**$ 1,560**	**$ 10,466**

(Dollars in Thousands, Except per Share Data)

	Gross	Loading	Net
December 31, 2012			
Life and annuity:			
Ordinary first-year business	$ 312	$ 278	$ 34
Ordinary renewal business	153,131	1,350	151,781
Group life business	664	127	537
Credit life	235	–	235
Reinsurance ceded	(146,264)	–	(146,264)
Total life and annuity	8,078	1,755	6,323
Accident and health	4,974	–	4,974
	$ 13,052	$ 1,755	$ 11,297

The Company anticipates investment income as a factor in premium deficiency calculation, in accordance with SSAP No. 54, *Individual and Group Accident and Health Contracts.* As of December 31, 2013 and 2012, the Company had insurance in force aggregating $15,580,513 and $12,243,276, respectively, in which the gross premiums are less than the net premiums required by the valuation standards established by the New York Department of Financial Services. The Company established policy reserves of $58,739 and $92,244 to cover these deficiencies as of December 31, 2013 and 2012, respectively.

9. Capital and Surplus

At December 31, 2013 and 2012, the Company had 44,175 shares of 6% non-voting, non-cumulative preferred stock issued and outstanding. Aegon owns 38,609 shares and TLIC owns 5,566 shares. Par value is $10 per share, and the liquidation value is $1,286.72 per share.

The preferred stock shareholders are entitled to receive non-cumulative dividends at the rate of 6% per year of an amount equal to the sum of (1) the par value plus (2) any additional paid-in capital for such preferred stock. Dividends are payable annually in December. The amount of dividends unpaid at December 31, 2013 was $430. The preferred shares have preference as to dividends and upon dissolution or liquidation of the Company.

The Company is subject to limitations, imposed by the State of New York, on the payment of dividends to its stockholders. Generally, dividends during any year may not be paid, without prior regulatory approval, in excess of the lesser of (1) 10 percent of the Company's statutory surplus as of the preceding December 31, or (2) the Company's statutory gain from operations before net realized capital gains on investments for the preceding year. Subject to the availability of unassigned surplus at the time of such a dividend, the maximum payment which may be made in 2014, without prior approval of insurance regulatory authorities, is $93,458.

(Dollars in Thousands, Except per Share Data)

On December 21, 2011, the Company paid a preferred stock dividend and a common stock dividend of $3,410 and $296,590, respectively, to its parent companies, Aegon and TLIC. Of the common stock dividend amount, $76,057 was considered an ordinary dividend and $220,533 was considered an extraordinary dividend. Of the total $300,000 preferred and common stock dividends, Aegon received $262,200 and TLIC received $37,800. The Company did not pay any dividends during 2012 and 2013.

Life and health insurance companies are subject to certain RBC requirements as specified by the NAIC. Under those requirements, the amount of capital and surplus maintained by a life and health insurance company is to be determined based on the various risk factors related to it. At December 31, 2013, the Company meets the minimum RBC requirements.

On May 2, 2008, the Company received $150,000 from Aegon in exchange for surplus notes. The Company received approval from the Superintendent of Insurance of the New York Department of Financial Services prior to the issuance of the surplus notes, as well as the December 31, 2013, 2012 and 2011 interest payments. These notes are due 20 years from the date of issuance at an interest rate of 6.25% and are subordinate and junior in the right of payment to all obligations and liabilities of the Company. In the event of liquidation of the Company, full payment of the surplus notes shall be made before the holders of common stock become entitled to any distribution of the remaining assets of the Company.

Additional information related to the outstanding surplus notes at December 31, 2013 and 2012 is as follows:

For Year Ending	Balance Outstanding	Interest Paid Current Year	Cumulative Interest Paid	Accrued Interest
2013	**$ 150,000**	**$ 9,375**	**$ 53,125**	**$ –**
2012	150,000	9,375	43,750	–

The Company held special surplus funds in the amount of $8,085 and $6,660, as of December 31, 2013 and 2012, respectively, for annuitant mortality fluctuations as required under New York Regulation 47, *Separate Account and Separate Account Annuities*.

(Dollars in Thousands, Except per Share Data)

10. Securities Lending

The Company participates in an agent-managed securities lending program. The Company receives collateral equal to 102% of the fair value of the loaned domestic securities as of the transaction date. If the fair value of the collateral is at any time less than 102% of the fair value of the loaned securities, the counterparty is mandated to deliver additional collateral, the fair value of which, together with the collateral already held in connection with the lending transaction, is at least equal to 102% of the fair value of the loaned domestic securities. In the event the Company loans a foreign security and the denomination of the currency of the collateral is other than the denomination of the currency of the loaned foreign security, the Company receives and maintains collateral equal to 105% of the fair value of the loaned security.

At December 31, 2013 and 2012, respectively, securities in the amount of $416,442 and $238,014 were on loan under securities lending agreements. At December 31, 2013, the collateral the Company received from securities lending was in the form of cash and on open terms. This cash collateral is reinvested and is not available for general corporate purposes. The reinvested cash collateral has a fair value of $430,659 and $257,972 at December 31, 2013 and 2012, respectively.

The contractual maturities of the securities lending collateral positions are as follows:

	Fair Value
Open	$ 430,771
30 days or less	–
31 to 60 days	–
61 to 90 days	–
Greater than 90 days	–
Total	430,771
Securities received	–
Total collateral received	$ 430,771

The Company receives primarily cash collateral in an amount in excess of the fair value of the securities lent. The Company reinvests the cash collateral into higher yielding securities than the securities which the Company has lent to other entities under the arrangement.

(Dollars in Thousands, Except per Share Data)

The maturity dates of the reinvested securities lending collateral are as follows:

	Amortized Cost	Fair Value
Open	$ 51,302	$ 51,302
30 days or less	206,980	206,962
31 to 60 days	65,413	65,413
61 to 90 days	74,097	74,095
91 to 120 days	5,406	5,407
121 to 180 days	27,480	27,480
181 to 365 days	–	–
1 to 2 years	–	–
2-3 years	–	–
Greater than 3 years	–	–
Total	430,678	430,659
Securities received	–	–
Total collateral reinvested	$ 430,678	$ 430,659

For securities lending, the Company's sources of cash that it uses to return the cash collateral is dependent upon the liquidity of the current market conditions. Under current conditions, the Company has securities with a par value of $430,668 (fair value of $430,659) that are currently tradable securities that could be sold and used to pay for the $430,771 in collateral calls that could come due under a worst-case scenario.

11. Retirement and Compensation Plans

The Company's employees participate in a qualified defined benefit pension plan sponsored by Aegon. The Company has no legal obligation for the plan. The Company recognizes pension expense equal to its allocation from Aegon. The pension expense is allocated among the participating companies based on International Accounting Standards 19 (IAS 19), *Accounting for Employee Benefits* and based upon actuarial participant benefit calculations. The benefits are based on years of service and the employee's eligible annual compensation. Pension expenses were $9, $9 and $8 for the years ended December 31, 2013, 2012 and 2011, respectively. The plan is subject to the reporting and disclosure requirements of the Employee Retirement Income Security Act of 1974.

The Company's employees also participate in a defined contribution plan sponsored by Aegon which is qualified under Section 401(k) of the Internal Revenue Service Code. Employees of the Company who customarily work at least 1,000 hours during each calendar year and meet the other eligibility requirements are participants of the plan. Participants may elect to contribute up to twenty-five percent of their salary to the plan.

The Company will match an amount up to three percent of the participant's salary. Participants may direct all of their contributions and plan balances to be invested in a variety of investment options. The plan is subject to the reporting and disclosure requirements of the Employee Retirement Income Security Act of 1974. The Company's allocation of benefits expense for the years ended December 31, 2013, 2012 and 2011 was $6 for each year, respectively.

Aegon sponsors supplemental retirement plans to provide the Company's senior management with benefits in excess of normal pension benefits. The plans are noncontributory, and benefits are based on years of service and the employee's compensation level. The plans are unfunded and nonqualified under the Internal Revenue Service Code. In addition, Aegon has established incentive deferred compensation plans for certain key employees of the Company. The Company's allocation of expense for these plans for each of the years ended December 31, 2013, 2012 and 2011 was insignificant. Aegon also sponsors an employee stock option plan/stock appreciation rights for employees of the Company and a stock purchase plan for its producers, with the participating affiliated companies establishing their own eligibility criteria, producer contribution limits and company matching formula. These plans have been accrued or funded as deemed appropriate by management of Aegon and the Company.

In addition to pension benefits, the Company participates in plans sponsored by Aegon that provide postretirement medical, dental and life insurance benefits to employees meeting certain eligibility requirements. Portions of the medical and dental plans are contributory. The postretirement plan expenses are charged to affiliates in accordance with an intercompany cost sharing arrangement. The Company's allocation of postretirement expenses was negligible for the years ended December 31, 2013, 2012 and 2011.

12. Related Party Transactions

The Company shares certain officers, employees and general expenses with affiliated companies.

In accordance with an agreement between Aegon and the Company, Aegon will ensure the maintenance of certain minimum tangible net worth, operating leverage and liquidity levels of the Company, as defined in the agreement, through the contribution of additional capital by Aegon as needed.

The Company is party to a service agreement with TLIC, in which the Company receives services, including accounting, data processing and other professional services, in consideration of reimbursement of the actual costs of services rendered. The Company is party to a Management and Administrative and Advisory agreement with Aegon USA

(Dollars in Thousands, Except per Share Data)

Realty Advisors, Inc. (Advisor) whereby Advisor serves as the administrator and advisor for the Company's mortgage loan operations. Aegon USA Investment Management, LLC acts as a discretionary investment manager under an Investment Management Agreement with the Company. During 2013, 2012 and 2011, the Company paid $31,069, $24,579 and $23,065, respectively, for these services, which approximates cost.

The Company has an administration service agreement with Transamerica Asset Management, Inc. to provide administrative services to the Aegon/Transamerica Series Trust. The Company received $4,380, $2,699 and $1,688 for these services during 2013, 2012 and 2011, respectively.

Transamerica Capital, Inc. provides wholesaling distribution services for the Company under a distribution agreement. The Company incurred expenses under this agreement of $9,336, $5,633 and $4,411 for the years ended December 31, 2013, 2012 and 2011, respectively.

Payables to and receivables from affiliates and intercompany borrowings bear interest at the thirty-day commercial paper rate. During 2013, 2012 and 2011, the Company paid (received) net interest of $7, $(12) and $11, respectively, to (from) affiliates. At December 31, 2013 and 2012, the Company reported a net amount of $365 payable to and $87,032 due from affiliates, respectively. Terms of settlement require that these amounts are settled within 90 days.

At December 31, 2013 and 2012, the Company had short-term intercompany notes receivable of $50,000 and $54,700 as follows. The Company did not have any short-term intercompany notes receivable at December 31, 2011. In accordance with SSAP No. 25, *Accounting for and Disclosures about Transactions with Affiliates and Other Related Parties*, these notes are reported as short-term investments.

Receivable from	**Amount**	**Due By**	**Interest Rate**
December 31, 2013			
AEGON	**$ 50,000**	**May 21, 2014**	**0.10%**
December 31, 2012			
AEGON	$ 54,700	April 25, 2013	0.12%

(Dollars in Thousands, Except per Share Data)

13. Managing General Agents

The Company utilizes managing general agents and third-party administrators in its operations. Information regarding these entities is as follows:

Name and Address of Managing General Agent or Third-Party Administrator	FEIN	Exclusive Contract	Types of Business Written	Types of Authority Granted	Total Direct Premiums Written/ Produced By
The Vanguard Group, Inc. 100 Vanguard Blvd. Malvern, PA 19355	23-1945930	No	Deferred and Income Annuities	C,B,P,U	$ 52,545

C- Claims Payment
B- Binding Authority
P- Premium Collection
U- Underwriting

For years ended December 31, 2013, 2012 and 2011, the Company had $52,545, $36,282 and $20,974, respectively, of direct premiums written by The Vanguard Group, Inc.

14. Commitments and Contingencies

The Company has contingent commitments of $21,212 and $14,317, at December 31, 2013 and 2012, respectively, to provide additional funding for joint ventures, partnerships and limited liability companies, which includes LIHTC commitments of $9,559 and $2,127 at December 31, 2013 and 2012, respectively.

Private placement commitments outstanding as of December 31, 2013 and 2012 were $32,000 and $11,715, respectively.

There were no securities acquired on a “to be announced” (TBA) basis at December 31, 2013 and 2012.

Cash collateral received from derivative counterparties as well as the obligation to return the collateral is recorded on the Company’s balance sheet. The amount of cash collateral posted to the Company as of December 31, 2013 and 2012, respectively, was $0 and $20,331. In addition, securities in the amount of $8,352 and $19,891 were also posted to the Company as of December 31, 2013 and 2012, respectively, which were not included in the financials of the Company. Noncash collateral is not to be recognized by the recipient unless that collateral is sold or repledged or the counterparty defaults.

The Company is a party to legal proceedings involving a variety of issues incidental to its business. Lawsuits may be brought in nearly any federal or state court in the United States or in an arbitral forum. In addition, there continues to be significant federal and state regulatory activity relating to financial services companies. The Company's legal proceedings are subject to many variables, and given its complexity and scope, outcomes cannot be predicted with certainty. Although legal proceedings sometimes include substantial demands for compensatory and punitive damages, and injunctive relief, it is management's opinion that damages arising from such demands will not be material to the Company's financial position.

The Company is subject to insurance guaranty laws in the states in which it writes business. These laws provide for assessments against insurance companies for the benefit of policyholders and claimants in the event of insolvency of other insurance companies. Assessments are charged to operations when received by the Company except where right of offset against other taxes paid is allowed by law. Amounts available for future offsets are recorded as an asset on the Company's balance sheet. The future obligation for known insolvencies has been accrued based on the most recent information available from the National Organization of Life and Health Insurance Guaranty Association. Potential future obligations for unknown insolvencies are not determinable by the Company and are not required to be accrued for financial reporting purposes. The Company has established a reserve of $8,680 and $34,002 at December 31, 2013 and 2012, respectively, for its estimated share of future guaranty fund assessments related to several major insurer insolvencies. The Company had an offsetting premium tax benefit of $4,679 and $16,319 at December 31, 2013 and 2012, respectively. The guaranty fund expense was $3,437, $174 and $9,674 for the years ended December 31, 2013, 2012 and 2011, respectively.

15. Sales, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

The Company enters into dollar repurchase agreements in which securities are delivered to the counterparty once adequate collateral has been received. As of December 31, 2013 and 2012, the Company had dollar repurchase agreements outstanding in the amount of $20,491 and $63,548, respectively. The Company had an outstanding liability for borrowed money in the amount $20,029 and $67,407 at December 31, 2013 and 2012, respectively due to participation in dollar repurchase agreements which includes accrued interest.

(Dollars in Thousands, Except per Share Data)

The contractual maturities of the dollar repurchase agreement positions are as follows:

	Fair Value
Open	$ 19,970
30 days or less	–
31 to 60 days	–
61 to 90 days	–
Greater than 90 days	–
Total	19,970
Securities received	–
Total collateral received	$ 19,970

In the course of the Company's asset management, securities are sold and reacquired within 30 days of the sale date to enhance the Company's yield on its investment portfolio. There were no securities of NAIC designation 3 or below sold during 2013 and reacquired within 30 days of the sale date.

16. Subsequent Event

The financial statements are adjusted to reflect events that occurred between the balance sheet date and the date when the financial statements are issued, provided they give evidence of conditions that existed at the balance sheet date (Type I). Events that are indicative of conditions that arose after the balance sheet date are disclosed, but do not result in an adjustment of the financial statements themselves (Type II). With the exception of the Affordable Care Act annual fee described below, the Company has not identified any Type I or Type II subsequent events for the year ended December 31, 2013 through the date the financial statements are issued.

On January 1, 2014, the Company will be subject to an annual fee under section 9010 of the Affordable Care Act (ACA). This annual fee will be allocated to individual health insurers based on the ratio of the amount of the entity's net premiums written during the preceding calendar year to the amount of health insurance for any U.S. health risk that is written during the preceding calendar year. A health insurance entity's portion of the annual fee becomes payable once the entity provides health insurance for any U.S. health risk for each calendar year beginning on or after January 1, 2014. As of December 31, 2013, the Company has written health insurance subject to the ACA assessment, expects to conduct health insurance business in 2014, and estimates their portion of the annual health insurance industry fee payable on September 30, 2014 to be $41. This assessment is not expected to have a material impact on risk based capital in 2014.

Statutory-Basis Financial Statement Schedules

Transamerica Financial Life Insurance Company
Summary of Investments – Other Than Investments in Related Parties
(Dollars in Thousands)

December 31, 2013

SCHEDULE I

Type of Investment	**Cost (1)**	**Fair Value**	**Amount at Which Shown in the Balance Sheet (2)**
Fixed maturities			
Bonds:			
United States government and government agencies and authorities	$ 724,271	$ 706,791	$ 725,734
States, municipalities and political subdivisions	117,278	120,226	117,278
Foreign governments	160,850	157,972	155,936
Hybrid securities	107,181	109,269	107,181
All other corporate bonds	6,512,287	6,828,589	6,507,955
Preferred stocks	1,706	2,715	1,706
Total fixed maturities	7,623,573	7,925,562	7,615,790
Equity securities			
Common stocks:			
Industrial, miscellaneous and all other	1,616	1,954	1,954
Total common stocks	1,616	1,954	1,954
Mortgage loans on real estate	551,082		551,082
Policy loans	64,552		64,552
Other long-term investments	72,199		72,199
Cash, cash equivalents and short-term investments	74,946		74,946
Securities lending reinvested collateral assets	430,678		430,678
Total investments	$ 8,818,646		$ 8,811,201

Transamerica Financial Life Insurance Company
Supplementary Insurance Information
(Dollars in Thousands)

SCHEDULE III

	Future Policy Benefits and Expenses	Unearned Premiums	Policy and Contract Liabilities	Premium Revenue	Net Investment Income*	Benefits, Claims Losses and Settlement Expenses	Other Operating Expenses*
Year ended December 31, 2013							
Individual life	**$ 869,381**	**$ –**	**$ 21,570**	**$ 125,537**	**$ 46,663**	**$ 149,294**	**$ 78,876**
Individual health	**36,307**	**5,860**	**6,458**	**50,477**	**2,503**	**33,298**	**18,435**
Group life and health	**133,342**	**1,612**	**7,592**	**47,312**	**7,480**	**31,284**	**17,048**
Annuity	**6,261,077**	**–**	**407**	**5,023,344**	**350,234**	**3,923,268**	**1,380,349**
	$ 7,300,107	**$ 7,472**	**$ 36,027**	**$ 5,246,670**	**$ 406,880**	**$ 4,137,144**	**$ 1,494,708**
Year ended December 31, 2012							
Individual life	$ 800,856	$ –	$ 13,664	$ 112,965	$ 43,911	$ 114,108	$ 111,558
Individual health	33,163	5,194	6,159	46,142	2,470	25,920	17,866
Group life and health	126,870	1,701	7,042	47,758	7,248	29,613	14,835
Annuity	6,685,096	–	437	4,733,483	373,499	3,898,240	1,107,739
	$ 7,645,985	$ 6,895	$ 27,302	$ 4,940,348	$ 427,128	$ 4,067,881	$ 1,251,998
Year ended December 31, 2011							
Individual life	$ 747,711	$ –	$ 17,650	$ (392,806)	$ 57,137	$ (244,361)	$ 195,549
Individual health	29,871	5,405	10,749	39,862	2,680	23,875	20,769
Group life and health	121,400	1,764	6,654	40,610	7,514	21,200	18,354
Annuity	6,908,679	–	551	4,738,804	396,199	3,945,524	1,314,829
	$ 7,807,661	$ 7,169	$ 35,604	$ 4,426,470	$ 463,530	$ 3,746,238	$ 1,549,501

*Allocations of net investment income and other operating expenses are based on a number of assumptions and estimates, and the results would change if different methods were applied.

Transamerica Financial Life Insurance Company
Reinsurance
(Dollars in Thousands)

SCHEDULE IV

	Gross Amount	Ceded to Other Companies	Assumed From Other Companies	Net Amount	Percentage of Amount Assumed to Net
Year ended December 31, 2013					
Life insurance in force	**$ 20,734,490**	**$ 205,473,655**	**$ 202,415,889**	**$ 17,676,724**	**1145%**
Premiums:					
Individual life	**$ 142,754**	**$ 538,079**	**$ 520,862**	**$ 125,537**	**415%**
Individual health	**51,221**	**950**	**206**	**50,477**	**0%**
Group life and health	**59,787**	**15,247**	**2,772**	**47,312**	**6%**
Annuity	**5,015,369**	**148**	**8,123**	**5,023,344**	**0%**
	$ 5,269,131	**$ 554,424**	**$ 531,963**	**$ 5,246,670**	**10%**
Year ended December 31, 2012					
Life insurance in force	$ 19,518,201	$ 247,623,959	$ 244,178,985	$ 16,073,227	1519%
Premiums:					
Individual life	$ 133,277	$ 641,531	$ 621,218	$ 112,964	550%
Individual health	47,094	1,046	94	46,142	0%
Group life and health	55,273	10,883	3,369	47,759	7%
Annuity	4,724,707	100	8,876	4,733,483	0%
	$ 4,960,351	$ 653,560	$ 633,557	$ 4,940,348	13%
Year ended December 31, 2011					
Life insurance in force	$ 18,982,172	$ 260,580,996	$ 257,168,145	$ 15,569,321	1652%
Premiums:					
Individual life	$ 127,831	$ 1,127,302	$ 606,665	$ (392,806)	-154%
Individual health	43,652	3,938	148	39,862	0%
Group life and health	51,067	14,350	3,893	40,610	10%
Annuity	4,727,987	134	10,951	4,738,804	0%
	$ 4,950,537	$ 1,145,724	$ 621,657	$ 4,426,470	14%

FINANCIAL STATEMENTS
Transamerica Financial Life Insurance Company
Separate Account VA BNY
Years Ended December 31, 2013 and 2012

Transamerica Financial Life Insurance Company
Separate Account VA BNY
Financial Statements
Years Ended December 31, 2013 and 2012

Contents

Building a better
working world

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The Board of Directors and Contract Owners
Of Separate Account VA BNY
Transamerica Financial Life Insurance Company

We have audited the accompanying statements of assets and liabilities of the subaccounts of Transamerica Financial Life Insurance Company Separate Account VA BNY (the Separate Account), comprised of subaccounts as listed in the accompanying statements of assets and liabilities, as of December 31, 2013, and the related statements of operations and changes in net assets for the periods indicated thereon. These financial statements are the responsibility of the Separate Account's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Separate Account's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Separate Account's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of December 31, 2013 by correspondence with the fund companies or their transfer agents. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of each of the respective subaccounts of Transamerica Life Insurance Company Separate Account VA BNY, at December 31, 2013, the results of their operations and changes in their net assets for the periods indicated thereon, in conformity with U.S. generally accepted accounting principles.

Ernst & Young LLP

Des Moines, Iowa
April 25, 2014

Transamerica Financial Life Insurance Company
Separate Account VA BNY
Statements of Assets and Liabilities
December 31, 2013

Subaccount	Number of Shares	Cost	Assets at Market Value	Due (to)/from General Account	Net Assets	Units Outstanding	Range of Unit Values	
AllianceBernstein Balanced Wealth Strategy Class B Shares	273,001.293	$ 3,171,506	$ 3,726,468	$ 8	$ 3,726,476	2,238,170	$ 1.596635	$ 10.811671
AllianceBernstein Growth and Income Class B Shares	315,665.938	6,666,232	8,677,657	-	8,677,657	4,585,573	1.345202	12.042989
AllianceBernstein Large Cap Growth Class B Shares	12,676.546	328,527	527,598	-	527,598	327,977	1.187087	1.939849
American Funds - Asset Allocation Class 2 Shares	1,035,183.102	18,513,483	23,115,639	23	23,115,662	14,533,866	1.509750	11.261534
American Funds - Bond Class 2 Shares	604,030.855	6,668,656	6,408,767	(4)	6,408,763	4,887,114	1.058131	9.640299
American Funds - Growth Class 2 Shares	102,195.314	6,593,100	7,965,103	(8)	7,965,095	3,642,635	1.598004	11.898040
American Funds - Growth-Income Class 2 Shares	168,986.683	7,322,022	8,516,929	3	8,516,932	4,007,265	1.581843	11.999788
American Funds - International Class 2 Shares	521,063.149	9,294,980	11,020,486	(12)	11,020,474	8,123,217	1.186220	11.324947
Fidelity® VIP Balanced Service Class 2	772,739.185	11,982,603	13,499,754	4	13,499,758	9,648,516	1.292728	11.170746
Fidelity® VIP Contrafund® Initial Class	-	-	-	-	-	-	11.997586	12.025654
Fidelity® VIP Contrafund® Service Class 2	565,206.950	15,276,571	19,087,039	(6)	19,087,033	8,210,472	1.368536	11.982709
Fidelity® VIP Equity-Income Service Class 2	47,918.772	931,138	1,096,382	(5)	1,096,377	656,829	1.303810	1.949085
Fidelity® VIP Growth Service Class 2	14,326.130	549,421	810,429	(2)	810,427	483,216	1.270284	2.054569
Fidelity® VIP Growth Opportunities Service Class 2	58.846	1,035	1,747	6	1,753	1,420	1.209447	1.607000
Fidelity® VIP Mid Cap Initial Class	-	-	-	-	-	-	12.422661	12.451714
Fidelity® VIP Mid Cap Service Class 2	191,606.267	6,266,422	6,821,183	(1)	6,821,182	2,403,396	1.525405	12.403107
Fidelity® VIP Value Strategies Initial Class	1,424.790	19,564	20,474	-	20,474	1,732	11.794686	11.822287
Fidelity® VIP Value Strategies Service Class 2	476,595.469	5,500,600	6,891,570	(3)	6,891,567	2,915,192	1.522084	11.775488
Franklin Income Securities Class 2 Shares	636,654.340	9,261,204	10,231,035	(13)	10,231,022	8,086,472	1.216035	1.357994
Franklin Mutual Shares Securities Class 2 Shares	42,454.067	674,491	918,281	11	918,292	785,500	1.093726	1.285509
Franklin Templeton Foreign Securities Class 2 Shares	171,372.512	2,310,752	2,954,462	(2)	2,954,460	2,585,791	1.091633	1.180240
Franklin Templeton VIP Founding Funds Allocation Class 4	735,046.464	5,492,023	5,542,250	1	5,542,251	3,023,911	1.791351	1.865274
GE Investments Total Return Class 3 Shares	104,069.579	1,748,611	1,940,898	(1)	1,940,897	1,490,526	1.256577	10.749595
Invesco V.I. American Franchise Series II Shares	3,483.861	127,328	172,730	(1)	172,729	130,187	1.317048	1.334584
Invesco V.I. Value Opportunities Series II Shares	43,690.334	268,767	406,757	4	406,761	312,482	1.155860	1.684892
Janus Aspen - Enterprise Service Shares	5,071.630	186,833	288,069	8	288,077	128,083	0.947333	3.224017
Janus Aspen - Global Research Service Shares	13,005.835	365,652	499,424	(3)	499,421	385,899	0.850431	1.685550
Janus Aspen - Perkins Mid Cap Value Service Shares	115.534	1,651	2,193	-	2,193	1,111	1.935092	2.018285
JPMorgan Insurance Trust Core Bond Class 1 Shares	65,078.793	750,178	721,724	(3)	721,721	596,681	1.182609	1.221478
JPMorgan Insurance Trust International Equity Class 1	65,554.494	648,821	780,754	11	780,765	438,346	1.735359	1.792253
JPMorgan Insurance Trust Mid Cap Value Class 1 Shares	12,374.888	55,360	130,803	(2)	130,801	52,141	2.433117	2.513045
JPMorgan Insurance Trust Small Cap Core Class 1 Shares	293.989	3,025	7,065	5	7,070	2,738	2.515107	2.597484
JPMorgan Insurance Trust U.S. Equity Class 1 Shares	2,564.567	39,450	60,806	-	60,806	26,525	2.225821	2.298955
MFS® New Discovery Service Class	344,591.979	5,167,054	7,243,323	2	7,243,325	2,827,122	2.111279	2.933435
MFS® Total Return Service Class	82,351.083	1,513,568	1,903,957	(2)	1,903,955	1,224,187	1.271144	1.720807
TA Aegon High Yield Bond Initial Class	17,109.255	130,334	140,296	1	140,297	62,132	1.190293	10.085762
TA Aegon High Yield Bond Service Class	579,351.687	4,708,823	4,808,619	(6)	4,808,613	2,593,445	1.473157	10.042915

See accompanying notes.

Transamerica Financial Life Insurance Company
Separate Account VA BNY
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Subaccount	Number of Shares	Cost	Assets at Market Value	Due (to)/from General Account	Net Assets	Units Outstanding	Range of Unit Values	
TA Aegon Money Market Initial Class	371,428.040	$ 371,428	$ 371,428	$ (1)	$ 371,427	268,180	$ 0.974910	$ 1.384989
TA Aegon Money Market Service Class	41,003,004.487	41,003,004	41,003,004	50	41,003,054	19,530,196	0.926651	9.970265
TA Aegon Tactical Vanguard ETF - Balanced Service Class	4,880,837.323	53,184,321	56,227,246	(4)	56,227,242	31,068,876	1.108615	10.497167
TA Aegon Tactical Vanguard ETF - Conservative Service Class	1,641,896.923	17,216,099	17,995,190	(25)	17,995,165	12,761,034	1.075010	10.244785
TA Aegon Tactical Vanguard ETF - Growth Service Class	2,595,372.926	28,132,448	30,703,262	(6)	30,703,256	16,804,541	1.140580	10.842707
TA Aegon U.S. Government Securities Initial Class	31,863.796	387,968	392,881	(3)	392,878	200,641	1.256216	1.958114
TA Aegon U.S. Government Securities Service Class	2,127,523.130	27,854,610	26,764,241	(16)	26,764,225	14,372,501	1.001183	9.614974
TA AllianceBernstein Dynamic Allocation Initial Class	7,151.221	59,965	65,291	-	65,291	41,058	1.324176	1.667255
TA AllianceBernstein Dynamic Allocation Service Class	1,749,078.192	14,775,475	15,864,139	(7)	15,864,132	10,720,245	1.027492	10.215560
TA Asset Allocation - Conservative Initial Class	5,211.912	55,175	58,895	(1)	58,894	35,716	1.433642	1.782238
TA Asset Allocation - Conservative Service Class	4,865,043.051	50,663,407	54,439,832	(2)	54,439,830	33,312,344	1.127291	10.547657
TA Asset Allocation - Growth Initial Class	12,977.906	126,013	146,650	1	146,651	83,520	1.592379	2.080340
TA Asset Allocation - Growth Service Class	543,734.525	4,765,719	6,095,264	8	6,095,272	3,835,267	1.209260	11.603686
TA Asset Allocation - Moderate Initial Class	88,042.865	927,918	1,065,319	2	1,065,321	615,879	1.524587	1.920914
TA Asset Allocation - Moderate Service Class	18,542,847.669	197,422,059	221,957,887	(10)	221,957,877	115,593,525	1.178540	10.752613
TA Asset Allocation - Moderate Growth Initial Class	21,559.359	235,925	275,097	-	275,097	153,714	1.578980	2.019897
TA Asset Allocation - Moderate Growth Service Class	10,187,026.618	103,040,969	128,458,406	(48)	128,458,358	68,282,174	1.228210	11.137655
TA Barrow Hanley Dividend Focused Initial Class	200,051.512	2,718,239	3,838,989	(1)	3,838,988	1,867,664	1.361318	11.711490
TA Barrow Hanley Dividend Focused Service Class	219,252.753	3,427,462	4,214,038	-	4,214,038	2,042,352	1.236726	11.644613
TA BlackRock Global Allocation Service Class	3,737,578.922	49,270,946	55,988,932	$ (41)	55,988,891	36,030,640	1.177162	10.771429
TA BlackRock Tactical Allocation Service Class	4,189,799.840	61,258,921	66,492,123	45	66,492,168	33,268,265	1.173885	10.637026
TA BNP Paribas Large Cap Growth Initial Class	76,950.516	1,190,207	1,772,940	(1)	1,772,939	340,616	1.434497	12.018651
TA BNP Paribas Large Cap Growth Service Class	331,436.152	5,891,594	7,755,606	10	7,755,616	3,636,014	1.519668	11.956074
TA Clarion Global Real Estate Securities Initial Class	4,500.845	65,046	52,525	(4)	52,521	22,067	1.185520	9.255780
TA Clarion Global Real Estate Securities Service Class	276,593.101	3,280,528	3,363,372	-	3,363,372	1,851,330	1.075615	9.210772
TA Hanlon Income Service Class	260,857.357	2,915,139	2,898,125	-	2,898,125	2,508,360	1.019093	9.953828
TA ING Balanced Allocation Service Class	1,485.411	14,930	15,909	-	15,909	1,498	10.567811	10.628011
TA ING Conservative Allocation Service Class	1,538.263	15,251	15,829	-	15,829	1,552	10.153361	10.211208
TA ING Intermediate Bond Service Class	-	-	-	-	-	-	9.521792	9.576068
TA ING Large Cap Growth Service Class	-	-	-	-	-	-	11.682892	11.749414
TA ING Limited Maturity Bond Service Class	4,670.124	46,522	46,655	-	46,655	4,711	9.857316	9.913487
TA ING Mid Cap Opportunities Service Class	-	-	-	-	-	-	11.663161	11.729559
TA ING Moderate Growth Allocation Service Class	-	-	-	-	-	-	10.972392	11.034895
TA International Moderate Growth Service Class	2,803,188.935	24,942,241	27,779,602	11	27,779,613	21,520,089	1.034225	10.632464
TA Janus Balanced Service Class	1,242,803.227	14,201,571	15,597,180	4	15,597,184	9,040,332	1.122920	11.044553
TA Jennison Growth Initial Class	194,989.449	1,485,969	2,088,337	(3)	2,088,334	1,426,689	1.426703	12.677422
TA Jennison Growth Service Class	886,708.606	7,724,480	9,292,706	(5)	9,292,701	4,408,276	1.578829	12.605740

See accompanying notes.

Transamerica Financial Life Insurance Company
Separate Account VA BNY
Statements of Assets and Liabilities
December 31, 2013

Subaccount	Number of Shares	Cost	Assets at Market Value	Due (to)/from General Account	Net Assets	Units Outstanding	Range of Unit Values	
TA JPMorgan Core Bond Service Class	552,132.468 $	7,664,302 $	7,409,618 $	1 $	7,409,619	5,404,361 $	1.004092 $	9.668537
TA JPMorgan Enhanced Index Initial Class	30,777.797	399,349	541,381	1	541,382	244,348	1.441653	11.846670
TA JPMorgan Enhanced Index Service Class	25,521.515	387,860	448,923	1	448,924	223,242	1.439150	11.788754
TA JPMorgan Mid Cap Value Service Class	502,460.956	8,489,001	10,486,360	(3)	10,486,357	4,415,296	1.481442	11.718636
TA JPMorgan Tactical Allocation Service Class	2,212,283.415	29,623,798	30,794,985	(33)	30,794,952	19,949,918	1.080073	10.155158
TA Legg Mason Dynamic Allocation - Balanced Service	2,425,399.298	25,771,903	26,970,440	11	26,970,451	14,019,229	1.079194	10.365462
TA Legg Mason Dynamic Allocation - Growth Service Class	1,715,464.375	18,676,168	20,070,933	(26)	20,070,907	9,288,777	1.135095	10.791730
TA Market Participation Strategy Service Class	1,090,918.818	11,588,508	12,392,838	9	12,392,847	4,873,843	1.108196	10.954316
TA MFS International Equity Initial Class	8,287.280	61,045	72,265	(3)	72,262	49,155	1.321979	11.189458
TA MFS International Equity Service Class	279,273.644	2,088,473	2,398,961	(2)	2,398,959	995,804	1.221058	11.141180
TA Morgan Stanley Capital Growth Initial Class	2,721.892	27,472	41,182	(3)	41,179	20,201	1.871059	2.458230
TA Morgan Stanley Capital Growth Service Class	70,191.196	809,165	1,052,868	(3)	1,052,865	500,196	1.629668	13.677613
TA Morgan Stanley Mid-Cap Growth Initial Class	1,447.295	36,533	54,910	(4)	54,906	36,941	1.381811	12.416050
TA Morgan Stanley Mid-Cap Growth Service Class	90,623.158	2,656,221	3,367,557	10	3,367,567	1,427,218	1.673845	12.354643
TA Multi-Managed Balanced Initial Class	3,424.680	41,257	46,473	(8)	46,465	23,192	1.819288	2.083225
TA Multi-Managed Balanced Service Class	500,838.579	6,140,519	6,706,229	(11)	6,706,218	3,663,589	1.258087	10.934214
TA Multi-Manager Alt Strategies Service Class	596.718	5,997	6,116	-	6,116	598	10.213425	10.232568
TA PIMCO Real Return TIPS Service Class	1,481,970.849	16,243,207	14,478,855	14	14,478,869	13,261,771	0.933200	8.954385
TA PIMCO Tactical - Balanced Service Class	1,423,200.731	15,499,193	16,381,040	6	16,381,046	9,401,250	0.994519	10.511256
TA PIMCO Tactical - Conservative Service Class	445,852.290	4,671,567	4,859,790	2	4,859,792	3,388,194	0.940789	10.237854
TA PIMCO Tactical - Growth Service Class	708,416.220	7,424,928	8,054,692	2	8,054,694	5,087,552	0.975275	10.869754
TA PIMCO Total Return Initial Class	36,994.030	428,978	420,252	5	420,257	271,387	1.361729	1.575574
TA PIMCO Total Return Service Class	5,796,810.109	68,551,067	65,445,986	89	65,446,075	45,280,868	1.017698	9.559002
TA ProFunds UltraBear Service Class (OAM)	330,116.891	555,591	425,851	(8)	425,843	3,540,863	0.117844	0.123126
TA Systematic Small/Mid Cap Value Initial Class	152,591.107	2,754,490	3,611,832	(1)	3,611,831	418,523	1.450483	12.251365
TA Systematic Small/Mid Cap Value Service Class	174,033.896	3,244,341	4,056,730	9	4,056,739	2,199,252	1.704341	12.191640
TA T. Rowe Price Small Cap Initial Class	23,309.606	193,856	331,929	(3)	331,926	180,817	1.500965	12.967620
TA T. Rowe Price Small Cap Service Class	1,019,733.479	11,077,812	14,082,519	(6)	14,082,513	4,912,670	2.033145	12.912143
TA TS&W International Equity Initial Class	80,800.948	938,651	1,084,349	7	1,084,356	486,627	1.348795	11.339851
TA TS&W International Equity Service Class	86,318.763	974,879	1,151,492	1	1,151,493	559,458	1.037346	11.279778
TA Vanguard ETF - Aggressive Growth Service Class	1,324,962.037	17,698,648	20,987,399	1	20,987,400	9,004,087	1.367721	11.575248
TA Vanguard ETF - Balanced Service Class	17,888,355.205	194,846,204	209,472,639	153	209,472,792	129,881,636	1.160371	10.551286
TA Vanguard ETF - Conservative Service Class	4,293,103.372	49,842,093	52,461,723	14	52,461,737	35,123,308	1.109932	10.300527
TA Vanguard ETF - Growth Service Class	17,828,269.518	179,076,330	196,467,530	113	196,467,643	122,516,985	1.191467	11.035989
TA WMC Diversified Growth Initial Class	102,930.391	2,549,323	3,277,304	3	3,277,307	2,741,240	1.155555	12.059768
TA WMC Diversified Growth Service Class	59,186.106	1,428,267	1,861,403	9	1,861,412	975,383	1.202780	11.997414
Vanguard® Equity Index	-	-	-	-	-	-	11.763282	11.790798

See accompanying notes.

Transamerica Financial Life Insurance Company
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Subaccount	Number of Shares	Cost	Assets at Market Value	Due (to)/from General Account	Net Assets	Units Outstanding	Range of Unit Values	
Vanguard® International	-	$ -	$ -	$ -	$ -	-	$ 11.642163	$ 11.669397
Vanguard® Mid-Cap Index	-	-	-	-	-	-	11.809810	11.837451
Vanguard® REIT Index	-	-	-	-	-	-	8.885340	8.906170
Vanguard® Short-Term Investment Grade	-	-	-	-	-	-	9.952009	9.975317
Vanguard® Total Bond Market Index	-	-	-	-	-	-	9.605786	9.628297
Wanger International	-	-	-	-	-	-	11.035728	11.061553
Wanger USA	-	-	-	-	-	-	12.253903	12.282561

See accompanying notes.

Transamerica Financial Life Insurance Company
Separate Account VA BNY
Statements of Operations and Change in Net Assets
Year Ended December 31, 2012, Except as Noted

		Investment Income:	Investment Expense:	Increase (Decrease) in Net Assets from Operations:						
Subaccount	**Net Assets as of January 1, 2012:**	Reinvested Dividends	Mortality and Expense Risk and Administrative Charges	**Net Investment Income (Loss)**	Capital Gain Distributions	Realized Gain (Loss) on Investments	**Net Realized Capital Gains (Losses) on Investments**	Net Change in Unrealized Appreciation (Depreciation)	**Net Gain (Loss) on Investment**	**Net Increase (Decrease) in Net Assets Resulting from Operations**
AllianceBernstein Balanced Wealth Strategy Class B Shares	**$ 2,349,882**	$ 51,112	$ 45,104	**$ 6,008**	$ -	$ 41,276	**$ 41,276**	$ 234,642	**$ 275,918**	**$ 281,926**
AllianceBernstein Growth and Income Class B Shares	**923,992**	50,990	39,278	**11,712**	-	100,061	**100,061**	181,569	**281,630**	**293,342**
AllianceBernstein Large Cap Growth Class B Shares	**477,122**	147	7,067	**(6,920)**	-	19,104	**19,104**	58,508	**77,612**	**70,692**
American Funds - Asset Allocation Class 2 Shares	**9,751,221**	250,927	206,720	**44,207**	-	82,899	**82,899**	1,358,082	**1,440,981**	**1,485,188**
American Funds - Bond Class 2 Shares	**2,387,530**	114,311	74,110	**40,201**	-	111,960	**111,960**	7,490	**119,450**	**159,651**
American Funds - Growth Class 2 Shares	**2,137,991**	21,706	49,706	**(28,000)**	-	119,945	**119,945**	223,790	**343,735**	**315,735**
American Funds - Growth-Income Class 2 Shares	**646,432**	25,036	20,315	**4,721**	-	26,609	**26,609**	84,686	**111,295**	**116,016**
American Funds - International Class 2 Shares	**1,602,932**	55,314	52,194	**3,120**	-	(67,856)	**(67,856)**	424,711	**356,855**	**359,975**
Fidelity® VIP Balanced Service Class 2	**8,629,489**	156,713	144,350	**12,363**	466,811	233,285	**700,096**	424,559	**1,124,655**	**1,137,018**
Fidelity® VIP Contrafund® Service Class 2	**4,034,494**	71,641	79,747	**(8,106)**	-	125,585	**125,585**	515,603	**641,188**	**633,082**
Fidelity® VIP Equity-Income Service Class 2	**1,060,079**	30,218	15,153	**15,065**	67,716	39,540	**107,256**	30,418	**137,674**	**152,739**
Fidelity® VIP Growth Service Class 2	**769,250**	2,419	10,271	**(7,852)**	-	31,024	**31,024**	69,863	**100,887**	**93,035**
Fidelity® VIP Growth Opportunities Service Class 2	**1,170**	2	18	**(16)**	-	6	**6**	212	**218**	**202**
Fidelity® VIP Mid Cap Service Class 2	**2,437,002**	23,161	60,347	**(37,186)**	481,481	126,888	**608,369**	(131,680)	**476,689**	**439,503**
Fidelity® VIP Value Strategies Service Class 2	**1,092,846**	6,729	22,307	**(15,578)**	-	24,107	**24,107**	292,368	**316,475**	**300,897**
Franklin Income Securities Class 2 Shares	**4,237,498**	486,855	116,933	**369,922**	-	35,441	**35,441**	386,919	**422,360**	**792,282**
Franklin Mutual Shares Securities Class 2 Shares	**969,357**	15,820	11,832	**3,988**	-	3,433	**3,433**	90,261	**93,694**	**97,682**

See Accompanying Notes.
(1) *See Footnote 1*

Transamerica Financial Life Insurance Company
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Subaccount	Increase (Decrease) in Net Assets from Contract Transactions	**Total Increase (Decrease) in Net Assets**	**Net Assets as of December 31, 2012**
AllianceBernstein Balanced Wealth Strategy Class B Shares	$ 282,951	**$ 564,877**	**$ 2,914,759**
AllianceBernstein Growth and Income Class B Shares	3,720,788	**4,014,130**	**4,938,122**
AllianceBernstein Large Cap Growth Class B Shares	(73,011)	**(2,319)**	**474,803**
American Funds - Asset Allocation Class 2 Shares	2,883,257	**4,368,445**	**14,119,666**
American Funds - Bond Class 2 Shares	1,693,132	**1,852,783**	**4,240,313**
American Funds - Growth Class 2 Shares	254,603	**570,338**	**2,708,329**
American Funds - Growth-Income Class 2 Shares	1,017,509	**1,133,525**	**1,779,957**
American Funds - International Class 2 Shares	2,029,475	**2,389,450**	**3,992,382**
Fidelity® VIP Balanced Service Class 2	884,922	**2,021,940**	**10,651,429**
Fidelity® VIP Contrafund® Service Class 2	1,786,318	**2,419,400**	**6,453,894**
Fidelity® VIP Equity-Income Service Class 2	(149,455)	**3,284**	**1,063,363**
Fidelity® VIP Growth Service Class 2	(184,500)	**(91,465)**	**677,785**
Fidelity® VIP Growth Opportunities Service Class 2	(39)	**163**	**1,333**
Fidelity® VIP Mid Cap Service Class 2	3,170,323	**3,609,826**	**6,046,828**
Fidelity® VIP Value Strategies Service Class 2	519,034	**819,931**	**1,912,777**
Franklin Income Securities Class 2 Shares	5,488,556	**6,280,838**	**10,518,336**
Franklin Mutual Shares Securities Class 2 Shares	(276,356)	**(178,674)**	**790,683**

See Accompanying Notes.
(1) See Footnote 1

Transamerica Financial Life Insurance Company
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Year Ended December 31, 2012, Except as Noted

		Investment Income:	Investment Expense:	Increase (Decrease) in Net Assets from Operations:						
Subaccount	**Net Assets as of January 1, 2012:**	Reinvested Dividends	Mortality and Expense Risk and Administrative Charges	**Net Investment Income (Loss)**	Capital Gain Distributions	Realized Gain (Loss) on Investments	**Net Realized Capital Gains (Losses) on Investments**	Net Change in Unrealized Appreciation (Depreciation)	**Net Gain (Loss) on Investment**	**Net Increase (Decrease) in Net Assets Resulting from Operations**
Franklin Templeton Foreign Securities Class 2 Shares	$ **1,659,813**	$ 64,087	$ 34,014	$ **30,073**	$ -	$ (12,555)	$ **(12,555)**	$ 339,265	$ **326,710**	$ **356,783**
Franklin Templeton VIP Founding Funds Allocation Class 4 Shares	**4,188,097**	128,076	80,360	**47,716**	-	91,227	**91,227**	458,192	**549,419**	**597,135**
GE Investments Total Return Class 3 Shares	**1,046,926**	22,326	22,097	**229**	-	3,862	**3,862**	128,926	**132,788**	**133,017**
Invesco V.I. American Franchise Series II Shares[1]	**-**	-	1,262	**(1,262)**	-	(111)	**(111)**	(3,487)	**(3,598)**	**(4,860)**
Invesco V.I. Value Opportunities Series II Shares	**522,013**	3,708	5,069	**(1,361)**	-	7,131	**7,131**	53,600	**60,731**	**59,370**
Janus Aspen - Enterprise Service Shares	**317,350**	-	3,249	**(3,249)**	-	10,914	**10,914**	31,732	**42,646**	**39,397**
Janus Aspen - Perkins Mid Cap Value Service Shares	**1,723**	15	25	**(10)**	111	(25)	**86**	79	**165**	**155**
Janus Aspen - Global Research Service Shares	**585,812**	3,323	6,543	**(3,220)**	-	(18,369)	**(18,369)**	105,834	**87,465**	**84,245**
JPMorgan Insurance Trust Core Bond Class 1 Shares	**897,272**	39,583	12,879	**26,704**	-	6,870	**6,870**	(348)	**6,522**	**33,226**
JPMorgan Insurance Trust International Equity Class 1 Shares	**513,063**	10,438	6,878	**3,560**	-	(18,738)	**(18,738)**	99,474	**80,736**	**84,296**
JPMorgan Insurance Trust Mid Cap Value Class 1 Shares	**84,276**	975	1,206	**(231)**	-	532	**532**	15,575	**16,107**	**15,876**
JPMorgan Insurance Trust Small Cap Core Class 1 Shares	**11,112**	25	170	**(145)**	-	102	**102**	2,048	**2,150**	**2,005**
JPMorgan Insurance Trust U.S. Equity Class 1 Shares	**39,817**	647	575	**72**	-	205	**205**	6,118	**6,323**	**6,395**
MFS® New Discovery Service Class	**2,093,106**	-	65,107	**(65,107)**	514,929	(106,189)	**408,740**	275,741	**684,481**	**619,374**
MFS® Total Return Service Class	**2,082,849**	45,250	25,463	**19,787**	-	33,753	**33,753**	114,863	**148,616**	**168,403**
TA AEGON High Yield Bond Initial Class	**139,287**	9,242	2,142	**7,100**	-	(618)	**(618)**	15,711	**15,093**	**22,193**
TA AEGON High Yield Bond Service Class	**2,147,896**	164,479	42,753	**121,726**	-	61,358	**61,358**	228,240	**289,598**	**411,324**

See Accompanying Notes.
[1] *See Footnote 1*

Transamerica Financial Life Insurance Company
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Subaccount	Increase (Decrease) in Net Assets from Contract Transactions	**Total Increase (Decrease) in Net Assets**	**Net Assets as of December 31, 2012**
Franklin Templeton Foreign Securities Class 2 Shares	$ 843,238	$ **1,200,021**	$ **2,859,834**
Franklin Templeton VIP Founding Funds Allocation Class 4 Shares	321,354	**918,489**	**5,106,586**
GE Investments Total Return Class 3 Shares	503,999	**637,016**	**1,683,942**
Invesco V.I. American Franchise Series II Shares[(1)]	131,350	**126,490**	**126,490**
Invesco V.I. Value Opportunities Series II Shares	(266,878)	**(207,508)**	**314,505**
Janus Aspen - Enterprise Service Shares	(127,155)	**(87,758)**	**229,592**
Janus Aspen - Perkins Mid Cap Value Service Shares	(55)	**100**	**1,823**
Janus Aspen - Global Research Service Shares	(222,358)	**(138,113)**	**447,699**
JPMorgan Insurance Trust Core Bond Class 1 Shares	(69,139)	**(35,913)**	**861,359**
JPMorgan Insurance Trust International Equity Class 1 Shares	(66,682)	**17,614**	**530,677**
JPMorgan Insurance Trust Mid Cap Value Class 1 Shares	(7)	**15,869**	**100,145**
JPMorgan Insurance Trust Small Cap Core Class 1 Shares	(101)	**1,904**	**13,016**
JPMorgan Insurance Trust U.S. Equity Class 1 Shares	(497)	**5,898**	**45,715**
MFS® New Discovery Service Class	3,347,887	**3,967,261**	**6,060,367**
MFS® Total Return Service Class	(462,990)	**(294,587)**	**1,788,262**
TA AEGON High Yield Bond Initial Class	2,607	**24,800**	**164,087**
TA AEGON High Yield Bond Service Class	751,868	**1,163,192**	**3,311,088**

See Accompanying Notes.

[(1)] *See Footnote 1*

Transamerica Financial Life Insurance Company
Separate Account VA BNY
Statements of Operations and Change in Net Assets
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		Investment Income:	Investment Expense:	Increase (Decrease) in Net Assets from Operations:						
Subaccount	**Net Assets as of January 1, 2012:**	Reinvested Dividends	Mortality and Expense Risk and Administrative Charges	**Net Investment Income (Loss)**	Capital Gain Distributions	Realized Gain (Loss) on Investments	**Net Realized Capital Gains (Losses) on Investments**	Net Change in Unrealized Appreciation (Depreciation)	**Net Gain (Loss) on Investment**	**Net Increase (Decrease) in Net Assets Resulting from Operations**
TA AEGON Money Market Initial Class	$ **253,669**	$ 21	$ 5,927	$ **(5,906)**	$ -	$ -	$ **-**	$ -	$ **-**	$ **(5,906)**
TA AEGON Money Market Service Class	**14,467,349**	667	192,510	**(191,843)**	-	-	**-**	-	**-**	**(191,843)**
TA AEGON Tactical Vanguard ETF - Balanced Service Class	**616,270**	9,379	75,469	**(66,090)**	7,073	7,579	**14,652**	402,933	**417,585**	**351,495**
TA AEGON Tactical Vanguard ETF - Conservative Service Class	**4,424,846**	30,676	102,706	**(72,030)**	41,835	40,350	**82,185**	349,852	**432,037**	**360,007**
TA AEGON Tactical Vanguard ETF - Growth Service Class	**2,402,550**	43,208	81,711	**(38,503)**	-	63,343	**63,343**	455,904	**519,247**	**480,744**
TA AEGON U.S. Government Securities Initial Class	**646,341**	8,823	7,592	**1,231**	12,833	20,288	**33,121**	(15,273)	**17,848**	**19,079**
TA AEGON U.S. Government Securities Service Class	**27,198,337**	480,366	388,604	**91,762**	781,062	260,520	**1,041,582**	(260,669)	**780,913**	**872,675**
TA AllianceBernstein Dynamic Allocation Initial Class	**54,251**	493	813	**(320)**	-	(577)	**(577)**	3,462	**2,885**	**2,565**
TA AllianceBernstein Dynamic Allocation Service Class	**9,065,437**	80,028	162,100	**(82,072)**	-	53,380	**53,380**	459,908	**513,288**	**431,216**
TA Asset Allocation - Conservative Initial Class	**153,293**	5,010	2,109	**2,901**	-	18,328	**18,328**	(12,688)	**5,640**	**8,541**
TA Asset Allocation - Conservative Service Class	**31,687,943**	1,180,333	555,168	**625,165**	-	655,649	**655,649**	699,168	**1,354,817**	**1,979,982**
TA Asset Allocation - Growth Initial Class	**63,133**	844	916	**(72)**	-	(3,833)	**(3,833)**	10,592	**6,759**	**6,687**
TA Asset Allocation - Growth Service Class	**3,059,442**	38,301	52,058	**(13,757)**	-	85,702	**85,702**	256,968	**342,670**	**328,913**
TA Asset Allocation - Moderate Initial Class	**957,577**	26,313	13,806	**12,507**	-	(9,276)	**(9,276)**	71,784	**62,508**	**75,015**
TA Asset Allocation - Moderate Service Class	**86,581,469**	3,040,900	1,616,675	**1,424,225**	-	(276,079)	**(276,079)**	6,642,023	**6,365,944**	**7,790,169**
TA Asset Allocation - Moderate Growth Initial Class	**343,791**	8,168	4,375	**3,793**	-	(8,966)	**(8,966)**	35,292	**26,326**	**30,119**
TA Asset Allocation - Moderate Growth Service Class	**76,522,250**	1,960,298	1,282,118	**678,180**	-	(1,637,310)	**(1,637,310)**	7,901,397	**6,264,087**	**6,942,267**

See Accompanying Notes.
[(1)] *See Footnote 1*

Transamerica Financial Life Insurance Company
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Subaccount	Increase (Decrease) in Net Assets from Contract Transactions	**Total Increase (Decrease) in Net Assets**	**Net Assets as of December 31, 2012**
TA AEGON Money Market Initial Class	$ 206,974	$ **201,068**	$ **454,737**
TA AEGON Money Market Service Class	(471,606)	**(663,449)**	**13,803,900**
TA AEGON Tactical Vanguard ETF - Balanced Service Class	12,166,227	**12,517,722**	**13,133,992**
TA AEGON Tactical Vanguard ETF - Conservative Service Class	5,533,203	**5,893,210**	**10,318,056**
TA AEGON Tactical Vanguard ETF - Growth Service Class	6,425,773	**6,906,517**	**9,309,067**
TA AEGON U.S. Government Securities Initial Class	(220,870)	**(201,791)**	**444,550**
TA AEGON U.S. Government Securities Service Class	764,983	**1,637,658**	**28,835,995**
TA AllianceBernstein Dynamic Allocation Initial Class	3,201	**5,766**	**60,017**
TA AllianceBernstein Dynamic Allocation Service Class	2,712,408	**3,143,624**	**12,209,061**
TA Asset Allocation - Conservative Initial Class	(58,922)	**(50,381)**	**102,912**
TA Asset Allocation - Conservative Service Class	9,902,909	**11,882,891**	**43,570,834**
TA Asset Allocation - Growth Initial Class	(5,965)	**722**	**63,855**
TA Asset Allocation - Growth Service Class	539,479	**868,392**	**3,927,834**
TA Asset Allocation - Moderate Initial Class	(65,580)	**9,435**	**967,012**
TA Asset Allocation - Moderate Service Class	47,297,528	**55,087,697**	**141,669,166**
TA Asset Allocation - Moderate Growth Initial Class	(49,673)	**(19,554)**	**324,237**
TA Asset Allocation - Moderate Growth Service Class	10,166,567	**17,108,834**	**93,631,084**

See Accompanying Notes.
[(1)] *See Footnote 1*

		Investment Income:	Investment Expense:	Increase (Decrease) in Net Assets from Operations:						
Subaccount	**Net Assets as of January 1, 2012:**	Reinvested Dividends	Mortality and Expense Risk and Administrative Charges	**Net Investment Income (Loss)**	Capital Gain Distributions	Realized Gain (Loss) on Investments	**Net Realized Capital Gains (Losses) on Investments**	Net Change in Unrealized Appreciation (Depreciation)	**Net Gain (Loss) on Investment**	**Net Increase (Decrease) in Net Assets Resulting from Operations**
TA Barrow Hanley Dividend Focused Service Class	$ **3,187,834**	$ 104,706	$ 89,659	$ **15,047**	$ -	$ 246,718	$ **246,718**	$ 181,985	$ **428,703**	$ **443,750**
TA BlackRock Global Allocation Service Class	**37,446,891**	999,264	644,529	**354,735**	751,138	298,176	**1,049,314**	1,828,139	**2,877,453**	**3,232,188**
TA Barrow Hanley Dividend Focused Initial Class	**3,501,409**	65,311	49,920	**15,391**	-	73,790	**73,790**	256,952	**330,742**	**346,133**
TA BlackRock Tactical Allocation Service Class	**13,601,215**	346,358	339,063	**7,295**	570,373	168,944	**739,317**	827,839	**1,567,156**	**1,574,451**
TA BNP Paribas Large Cap Growth Initial Class	**1,995,362**	16,611	27,656	**(11,045)**	-	73,324	**73,324**	229,627	**302,951**	**291,906**
TA BNP Paribas Large Cap Growth Service Class	**571,323**	22,494	32,517	**(10,023)**	-	40,249	**40,249**	226,676	**266,925**	**256,902**
TA Clarion Global Real Estate Securities Initial Class	**42,064**	1,691	635	**1,056**	-	(693)	**(693)**	9,554	**8,861**	**9,917**
TA Clarion Global Real Estate Securities Service Class	**1,134,570**	63,820	26,520	**37,300**	-	5,567	**5,567**	297,968	**303,535**	**340,835**
TA Hanlon Income Service Class	**3,334,762**	75,727	49,663	**26,064**	-	150	**150**	40,347	**40,497**	**66,561**
TA International Moderate Growth Service Class	**12,042,962**	419,716	225,879	**193,837**	-	189,618	**189,618**	1,072,985	**1,262,603**	**1,456,440**
TA Janus Balanced Service Class	**1,214,507**	-	32,318	**(32,318)**	-	(18,449)	**(18,449)**	229,535	**211,086**	**178,768**
TA Jennison Growth Initial Class	**1,985,265**	1,411	28,872	**(27,461)**	143,900	65,677	**209,577**	88,490	**298,067**	**270,606**
TA Jennison Growth Service Class	**2,358,279**	-	67,672	**(67,672)**	338,723	262,004	**600,727**	(212,315)	**388,412**	**320,740**
TA JPMorgan Core Bond Service Class	**1,436,021**	89,407	47,619	**41,788**	1,416	8,600	**10,016**	32,708	**42,724**	**84,512**
TA JPMorgan Enhanced Index Initial Class	**575,064**	6,650	7,723	**(1,073)**	-	(13,083)	**(13,083)**	98,130	**85,047**	**83,974**
TA JPMorgan Enhanced Index Service Class	**121,663**	1,706	3,002	**(1,296)**	-	15,708	**15,708**	5,601	**21,309**	**20,013**
TA JPMorgan Mid Cap Value Service Class	**1,238,348**	27,643	55,756	**(28,113)**	-	95,200	**95,200**	453,809	**549,009**	**520,896**

See Accompanying Notes.
(1) *See Footnote 1*

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Subaccount	Increase (Decrease) in Net Assets from Contract Transactions	**Total Increase (Decrease) in Net Assets**	**Net Assets as of December 31, 2012**
TA Barrow Hanley Dividend Focused Service Class	$ 4,240,279	$ **4,684,029**	$ **7,871,863**
TA BlackRock Global Allocation Service Class	5,194,877	**8,427,065**	**45,873,956**
TA Barrow Hanley Dividend Focused Initial Class	(341,022)	**5,111**	**3,506,520**
TA BlackRock Tactical Allocation Service Class	20,695,824	**22,270,275**	**35,871,490**
TA BNP Paribas Large Cap Growth Initial Class	(567,905)	**(275,999)**	**1,719,363**
TA BNP Paribas Large Cap Growth Service Class	3,867,900	**4,124,802**	**4,696,125**
TA Clarion Global Real Estate Securities Initial Class	(35)	**9,882**	**51,946**
TA Clarion Global Real Estate Securities Service Class	794,038	**1,134,873**	**2,269,443**
TA Hanlon Income Service Class	(23,901)	**42,660**	**3,377,422**
TA International Moderate Growth Service Class	4,064,224	**5,520,664**	**17,563,626**
TA Janus Balanced Service Class	2,068,786	**2,247,554**	**3,462,061**
TA Jennison Growth Initial Class	(415,795)	**(145,189)**	**1,840,076**
TA Jennison Growth Service Class	3,298,840	**3,619,580**	**5,977,859**
TA JPMorgan Core Bond Service Class	3,020,831	**3,105,343**	**4,541,364**
TA JPMorgan Enhanced Index Initial Class	(217,030)	**(133,056)**	**442,008**
TA JPMorgan Enhanced Index Service Class	50,778	**70,791**	**192,454**
TA JPMorgan Mid Cap Value Service Class	3,945,482	**4,466,378**	**5,704,726**

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Statements of Operations and Change in Net Assets
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		Investment Income:	Investment Expense:	Increase (Decrease) in Net Assets from Operations:						
Subaccount	**Net Assets as of January 1, 2012:**	Reinvested Dividends	Mortality and Expense Risk and Administrative Charges	**Net Investment Income (Loss)**	Capital Gain Distributions	Realized Gain (Loss) on Investments	**Net Realized Capital Gains (Losses) on Investments**	Net Change in Unrealized Appreciation (Depreciation)	**Net Gain (Loss) on Investment**	**Net Increase (Decrease) in Net Assets Resulting from Operations**
TA JPMorgan Tactical Allocation Service Class	$ **2,823,875**	$ 53,513	$ 122,831	$ **(69,318)**	$ -	$ 24,916	$ **24,916**	$ 437,563	$ **462,479**	$ **393,161**
TA Legg Mason Dynamic Allocation - Balanced Service Class[(1)]	**-**	-	15,142	**(15,142)**	-	606	**606**	25,235	**25,841**	**10,699**
TA Legg Mason Dynamic Allocation - Growth Service Class[(1)]	**-**	-	7,956	**(7,956)**	-	373	**373**	24,178	**24,551**	**16,595**
TA Market Participation Strategy Service Class[(1)]	**-**	-	841	**(841)**	-	(1)	**(1)**	6,543	**6,542**	**5,701**
TA MFS International Equity Initial Class	**52,546**	952	809	**143**	-	(986)	**(986)**	11,335	**10,349**	**10,492**
TA MFS International Equity Service Class	**578,305**	12,322	12,262	**60**	-	(27,112)	**(27,112)**	162,619	**135,507**	**135,567**
TA TS&W International Equity Initial Class	**1,073,083**	23,874	14,908	**8,966**	-	50,156	**50,156**	89,911	**140,067**	**149,033**
TA TS&W International Equity Service Class	**424,142**	9,024	6,639	**2,385**	-	(36,851)	**(36,851)**	92,544	**55,693**	**58,078**
TA Morgan Stanley Capital Growth Initial Class	**24,817**	-	386	**(386)**	5,141	46	**5,187**	(1,339)	**3,848**	**3,462**
TA Morgan Stanley Capital Growth Service Class	**579,273**	-	10,583	**(10,583)**	111,536	(29,269)	**82,267**	(7,967)	**74,300**	**63,717**
TA Morgan Stanley Mid-Cap Growth Initial Class	**83,380**	-	1,056	**(1,056)**	4,449	5,782	**10,231**	(2,600)	**7,631**	**6,575**
TA Morgan Stanley Mid-Cap Growth Service Class	**2,750,031**	-	45,991	**(45,991)**	149,101	(49,543)	**99,558**	118,256	**217,814**	**171,823**
TA Multi-Managed Balanced Initial Class	**-**	-	27	**(27)**	1	1	**2**	197	**199**	**172**
TA Multi-Managed Balanced Service Class	**3,671,757**	60,477	60,313	**164**	638,411	141,089	**779,500**	(365,328)	**414,172**	**414,336**
TA PIMCO Real Return TIPS Service Class	**4,386,948**	25,655	144,757	**(119,102)**	151,035	90,930	**241,965**	234,346	**476,311**	**357,209**
TA PIMCO Tactical - Balanced Service Class	**1,443,848**	25,402	24,164	**1,238**	-	(6,762)	**(6,762)**	8,535	**1,773**	**3,011**
TA PIMCO Tactical - Conservative Service Class	**824,736**	14,769	18,013	**(3,244)**	-	(14,601)	**(14,601)**	11,111	**(3,490)**	**(6,734)**

See Accompanying Notes.

[(1)] *See Footnote 1*

Transamerica Financial Life Insurance Company
Separate Account VA BNY
Statements of Operations and Change in Net Assets
Year Ended December 31, 2012, Except as Noted

Subaccount	Increase (Decrease) in Net Assets from Contract Transactions	Total Increase (Decrease) in Net Assets	Net Assets as of December 31, 2012
TA JPMorgan Tactical Allocation Service Class	$ 11,856,018	$ **12,249,179**	$ **15,073,054**
TA Legg Mason Dynamic Allocation - Balanced Service Class[(1)]	4,642,601	**4,653,300**	**4,653,300**
TA Legg Mason Dynamic Allocation - Growth Service Class[(1)]	2,785,121	**2,801,716**	**2,801,716**
TA Market Participation Strategy Service Class[(1)]	715,253	**720,954**	**720,954**
TA MFS International Equity Initial Class	(976)	**9,516**	**62,062**
TA MFS International Equity Service Class	405,219	**540,786**	**1,119,091**
TA TS&W International Equity Initial Class	(167,844)	**(18,811)**	**1,054,272**
TA TS&W International Equity Service Class	38,539	**96,617**	**520,759**
TA Morgan Stanley Capital Growth Initial Class	(60)	**3,402**	**28,219**
TA Morgan Stanley Capital Growth Service Class	(12,564)	**51,153**	**630,426**
TA Morgan Stanley Mid-Cap Growth Initial Class	(48,127)	**(41,552)**	**41,828**
TA Morgan Stanley Mid-Cap Growth Service Class	14,266	**186,089**	**2,936,120**
TA Multi-Managed Balanced Initial Class	39,725	**39,897**	**39,897**
TA Multi-Managed Balanced Service Class	395,087	**809,423**	**4,481,180**
TA PIMCO Real Return TIPS Service Class	10,626,132	**10,983,341**	**15,370,289**
TA PIMCO Tactical - Balanced Service Class	1,911,759	**1,914,770**	**3,358,618**
TA PIMCO Tactical - Conservative Service Class	795,210	**788,476**	**1,613,212**

See Accompanying Notes.
[(1)] *See Footnote 1*

Transamerica Financial Life Insurance Company
Separate Account VA BNY
Statements of Operations and Change in Net Assets
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		Investment Income:	Investment Expense:	Increase (Decrease) in Net Assets from Operations:						
Subaccount	**Net Assets as of January 1, 2012:**	Reinvested Dividends	Mortality and Expense Risk and Administrative Charges	**Net Investment Income (Loss)**	Capital Gain Distributions	Realized Gain (Loss) on Investments	**Net Realized Capital Gains (Losses) on Investments**	Net Change in Unrealized Appreciation (Depreciation)	**Net Gain (Loss) on Investment**	**Net Increase (Decrease) in Net Assets Resulting from Operations**
TA PIMCO Tactical - Growth Service Class	$ **550,036**	$ 2,827	$ 9,059	$ **(6,232)**	$ -	$ (13,552)	$ **(13,552)**	$ 22,826	$ **9,274**	$ **3,042**
TA PIMCO Total Return Initial Class	**787,899**	28,953	10,384	**18,569**	-	25,207	**25,207**	1,239	**26,446**	**45,015**
TA PIMCO Total Return Service Class	**29,757,483**	1,828,160	594,196	**1,233,964**	-	85,939	**85,939**	882,744	**968,683**	**2,202,647**
TA ProFunds UltraBear Service Class (OAM)	**5,840,353**	-	64,659	**(64,659)**	-	(3,082,873)	**(3,082,873)**	824,750	**(2,258,123)**	**(2,322,782)**
TA Systematic Small/Mid Cap Value Initial Class	**3,551,915**	18,706	48,595	**(29,889)**	905,467	600,050	**1,505,517**	(982,964)	**522,553**	**492,664**
TA Systematic Small/Mid Cap Value Service Class	**1,445,404**	4,942	26,816	**(21,874)**	441,156	5,417	**446,573**	(193,326)	**253,247**	**231,373**
TA T. Rowe Price Small Cap Initial Class	**228,149**	-	3,476	**(3,476)**	18,152	337	**18,489**	17,022	**35,511**	**32,035**
TA T. Rowe Price Small Cap Service Class	**2,411,201**	-	73,001	**(73,001)**	457,558	63,290	**520,848**	56,343	**577,191**	**504,190**
TA Vanguard ETF - Aggressive Growth Service Class	**3,822,635**	64,863	76,737	**(11,874)**	94,633	64,175	**158,808**	585,373	**744,181**	**732,307**
TA Vanguard ETF - Balanced Service Class	**57,381,801**	1,010,787	1,043,433	**(32,646)**	2,058,626	450,284	**2,508,910**	2,703,244	**5,212,154**	**5,179,508**
TA Vanguard ETF - Conservative Service Class	**22,551,897**	304,379	373,076	**(68,697)**	272,340	319,261	**591,601**	854,056	**1,445,657**	**1,376,960**
TA Vanguard ETF - Growth Service Class	**55,427,571**	1,127,875	942,603	**185,272**	5,753,113	486,426	**6,239,539**	(104,331)	**6,135,208**	**6,320,480**
TA WMC Diversified Growth Initial Class	**3,055,376**	9,781	43,633	**(33,852)**	-	(33,505)	**(33,505)**	419,293	**385,788**	**351,936**
TA WMC Diversified Growth Service Class	**849,840**	1,276	15,160	**(13,884)**	-	23,106	**23,106**	82,693	**105,799**	**91,915**

See Accompanying Notes.
(1) *See Footnote 1*

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Subaccount	Increase (Decrease) in Net Assets from Contract Transactions	Total Increase (Decrease) in Net Assets	Net Assets as of December 31, 2012
TA PIMCO Tactical - Growth Service Class	$ 959,775	$ **962,817**	$ **1,512,853**
TA PIMCO Total Return Initial Class	(277,429)	**(232,414)**	**555,485**
TA PIMCO Total Return Service Class	27,163,832	**29,366,479**	**59,123,962**
TA ProFunds UltraBear Service Class (OAM)	435,870	**(1,886,912)**	**3,953,441**
TA Systematic Small/Mid Cap Value Initial Class	(902,188)	**(409,524)**	**3,142,391**
TA Systematic Small/Mid Cap Value Service Class	856,776	**1,088,149**	**2,533,553**
TA T. Rowe Price Small Cap Initial Class	(2,606)	**29,429**	**257,578**
TA T. Rowe Price Small Cap Service Class	4,776,704	**5,280,894**	**7,692,095**
TA Vanguard ETF - Aggressive Growth Service Class	2,685,009	**3,417,316**	**7,239,951**
TA Vanguard ETF - Balanced Service Class	40,695,639	**45,875,147**	**103,256,948**
TA Vanguard ETF - Conservative Service Class	13,155,390	**14,532,350**	**37,084,247**
TA Vanguard ETF - Growth Service Class	22,706,337	**29,026,817**	**84,454,388**
TA WMC Diversified Growth Initial Class	(520,500)	**(168,564)**	**2,886,812**
TA WMC Diversified Growth Service Class	155,889	**247,804**	**1,097,644**

See Accompanying Notes.
(1) See Footnote 1

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		Investment Income:	Investment Expense:	Increase (Decrease) in Net Assets from Operations:						
Subaccount	**Net Assets as of January 1, 2013:**	Reinvested Dividends	Mortality and Expense Risk and Administrative Charges	**Net Investment Income (Loss)**	Capital Gain Distributions	Realized Gain (Loss) on Investments	**Net Realized Capital Gains (Losses) on Investments**	Net Change in Unrealized Appreciation (Depreciation)	**Net Gain (Loss) on Investment**	**Net Increase (Decrease) in Net Assets Resulting from Operations**
AllianceBernstein Balanced Wealth Strategy Class B Shares	**$ 2,914,759**	$ 76,513	$ 55,515	**$ 20,998**	$ -	$ 62,087	**$ 62,087**	$ 354,662	**$ 416,749**	**$ 437,747**
AllianceBernstein Growth and Income Class B Shares	**4,938,122**	73,349	101,931	**(28,582)**	-	147,854	**147,854**	1,775,429	**1,923,283**	**1,894,701**
AllianceBernstein Large Cap Growth Class B Shares	**474,803**	-	7,304	**(7,304)**	-	34,460	**34,460**	126,673	**161,133**	**153,829**
American Funds - Asset Allocation Class 2 Shares	**14,119,666**	297,392	321,414	**(24,022)**	-	390,020	**390,020**	3,180,013	**3,570,033**	**3,546,011**
American Funds - Bond Class 2 Shares	**4,240,313**	110,565	90,853	**19,712**	56,864	(8,144)	**48,720**	(269,645)	**(220,925)**	**(201,213)**
American Funds - Growth Class 2 Shares	**2,708,329**	57,729	96,479	**(38,750)**	-	132,952	**132,952**	1,218,114	**1,351,066**	**1,312,316**
American Funds - Growth-Income Class 2 Shares	**1,779,957**	85,360	81,371	**3,989**	-	69,894	**69,894**	1,117,460	**1,187,354**	**1,191,343**
American Funds - International Class 2 Shares	**3,992,382**	130,808	143,245	**(12,437)**	-	125,818	**125,818**	1,421,169	**1,546,987**	**1,534,550**
Fidelity® VIP Balanced Service Class 2	**10,651,429**	170,089	182,725	**(12,636)**	545,398	165,908	**711,306**	1,281,457	**1,992,763**	**1,980,127**
Fidelity® VIP Contrafund® Initial Class(1)	**-**	-	-	**-**	-	2	**2**	-	**2**	**2**
Fidelity® VIP Contrafund® Service Class 2	**6,453,894**	142,143	215,621	**(73,478)**	4,977	485,744	**490,721**	3,242,361	**3,733,082**	**3,659,604**
Fidelity® VIP Equity-Income Service Class 2	**1,063,363**	23,487	15,252	**8,235**	69,317	44,417	**113,734**	125,411	**239,145**	**247,380**
Fidelity® VIP Growth Service Class 2	**677,785**	330	10,727	**(10,397)**	502	26,213	**26,715**	201,479	**228,194**	**217,797**
Fidelity® VIP Growth Opportunities Service Class 2	**1,333**	1	21	**(20)**	1	15	**16**	466	**482**	**462**
Fidelity® VIP Mid Cap Initial Class(1)	**-**	-	-	**-**	-	2	**2**	-	**2**	**2**
Fidelity® VIP Mid Cap Service Class 2	**6,046,828**	16,589	75,093	**(58,504)**	777,832	65,525	**843,357**	779,164	**1,622,521**	**1,564,017**
Fidelity® VIP Value Strategies Initial Class(1)	**-**	174	25	**149**	-	2	**2**	911	**913**	**1,062**

See Accompanying Notes.

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Subaccount	Increase (Decrease) in Net Assets from Contract Transactions	Total Increase (Decrease) in Net Assets	Net Assets as of December 31, 2013
AllianceBernstein Balanced Wealth Strategy Class B Shares	$ 373,970	$ 811,717	$ 3,726,476
AllianceBernstein Growth and Income Class B Shares	1,844,834	3,739,535	8,677,657
AllianceBernstein Large Cap Growth Class B Shares	(101,034)	52,795	527,598
American Funds - Asset Allocation Class 2 Shares	5,449,985	8,995,996	23,115,662
American Funds - Bond Class 2 Shares	2,369,663	2,168,450	6,408,763
American Funds - Growth Class 2 Shares	3,944,450	5,256,766	7,965,095
American Funds - Growth-Income Class 2 Shares	5,545,632	6,736,975	8,516,932
American Funds - International Class 2 Shares	5,493,542	7,028,092	11,020,474
Fidelity® VIP Balanced Service Class 2	868,202	2,848,329	13,499,758
Fidelity® VIP Contrafund® Initial Class(1)	(2)	-	-
Fidelity® VIP Contrafund® Service Class 2	8,973,535	12,633,139	19,087,033
Fidelity® VIP Equity-Income Service Class 2	(214,366)	33,014	1,096,377
Fidelity® VIP Growth Service Class 2	(85,155)	132,642	810,427
Fidelity® VIP Growth Opportunities Service Class 2	(42)	420	1,753
Fidelity® VIP Mid Cap Initial Class(1)	(2)	-	-
Fidelity® VIP Mid Cap Service Class 2	(789,663)	774,354	6,821,182
Fidelity® VIP Value Strategies Initial Class(1)	19,412	20,474	20,474

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		Investment Income:	Investment Expense:	Increase (Decrease) in Net Assets from Operations:						
Subaccount	**Net Assets as of January 1, 2013:**	Reinvested Dividends	Mortality and Expense Risk and Administrative Charges	**Net Investment Income (Loss)**	Capital Gain Distributions	Realized Gain (Loss) on Investments	**Net Realized Capital Gains (Losses) on Investments**	Net Change in Unrealized Appreciation (Depreciation)	**Net Gain (Loss) on Investment**	**Net Increase (Decrease) in Net Assets Resulting from Operations**
Fidelity® VIP Value Strategies Service Class 2	$ **1,912,777**	$ 42,306	$ 83,862	$ **(41,556)**	$ -	$ 203,471	$ **203,471**	$ 1,168,040	$ **1,371,511**	$ **1,329,955**
Franklin Income Securities Class 2 Shares	**10,518,336**	668,226	155,876	**512,350**	-	91,693	**91,693**	598,017	**689,710**	**1,202,060**
Franklin Mutual Shares Securities Class 2 Shares	**790,683**	17,696	12,789	**4,907**	-	19,810	**19,810**	174,438	**194,248**	**199,155**
Franklin Templeton Foreign Securities Class 2 Shares	**2,859,834**	71,498	42,054	**29,444**	-	53,227	**53,227**	467,287	**520,514**	**549,958**
Franklin Templeton VIP Founding Funds Allocation Class 4 Shares	**5,106,586**	559,086	86,389	**472,697**	925,816	96,785	**1,022,601**	(456,593)	**566,008**	**1,038,705**
GE Investments Total Return Class 3 Shares	**1,683,942**	23,804	29,457	**(5,653)**	91,343	32,702	**124,045**	103,999	**228,044**	**222,391**
Invesco V.I. American Franchise Series II Shares	**126,490**	364	2,163	**(1,799)**	-	392	**392**	48,888	**49,280**	**47,481**
Invesco V.I. Value Opportunities Series II Shares	**314,505**	4,447	5,481	**(1,034)**	-	2,810	**2,810**	95,956	**98,766**	**97,732**
Janus Aspen - Enterprise Service Shares	**229,592**	955	3,600	**(2,645)**	-	3,605	**3,605**	67,275	**70,880**	**68,235**
Janus Aspen - Global Research Service Shares	**447,699**	4,893	6,883	**(1,990)**	-	6,930	**6,930**	104,160	**111,090**	**109,100**
Janus Aspen - Perkins Mid Cap Value Service Shares	**1,823**	23	28	**(5)**	39	(8)	**31**	403	**434**	**429**
JPMorgan Insurance Trust Core Bond Class 1 Shares	**861,359**	37,042	11,330	**25,712**	-	(1,418)	**(1,418)**	(47,142)	**(48,560)**	**(22,848)**
JPMorgan Insurance Trust International Equity Class 1 Shares	**530,677**	12,469	8,982	**3,487**	-	17,061	**17,061**	66,709	**83,770**	**87,257**
JPMorgan Insurance Trust Mid Cap Value Class 1 Shares	**100,145**	1,190	1,496	**(306)**	1,279	819	**2,098**	28,872	**30,970**	**30,664**
JPMorgan Insurance Trust Small Cap Core Class 1 Shares	**13,016**	86	161	**(75)**	-	5,480	**5,480**	(1,267)	**4,213**	**4,138**
JPMorgan Insurance Trust U.S. Equity Class 1 Shares	**45,715**	665	693	**(28)**	-	417	**417**	15,282	**15,699**	**15,671**
MFS® New Discovery Service Class	**6,060,367**	-	101,096	**(101,096)**	57,042	89,521	**146,563**	2,147,540	**2,294,103**	**2,193,007**

See Accompanying Notes.

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Subaccount	Increase (Decrease) in Net Assets from Contract Transactions	**Total Increase (Decrease) in Net Assets**	**Net Assets as of December 31, 2013**
Fidelity® VIP Value Strategies Service Class 2	$ 3,648,835	$ **4,978,790**	$ **6,891,567**
Franklin Income Securities Class 2 Shares	(1,489,374)	**(287,314)**	**10,231,022**
Franklin Mutual Shares Securities Class 2 Shares	(71,546)	**127,609**	**918,292**
Franklin Templeton Foreign Securities Class 2 Shares	(455,332)	**94,626**	**2,954,460**
Franklin Templeton VIP Founding Funds Allocation Class 4 Shares	(603,040)	**435,665**	**5,542,251**
GE Investments Total Return Class 3 Shares	34,564	**256,955**	**1,940,897**
Invesco V.I. American Franchise Series II Shares	(1,242)	**46,239**	**172,729**
Invesco V.I. Value Opportunities Series II Shares	(5,476)	**92,256**	**406,761**
Janus Aspen - Enterprise Service Shares	(9,750)	**58,485**	**288,077**
Janus Aspen - Global Research Service Shares	(57,378)	**51,722**	**499,421**
Janus Aspen - Perkins Mid Cap Value Service Shares	(59)	**370**	**2,193**
JPMorgan Insurance Trust Core Bond Class 1 Shares	(116,790)	**(139,638)**	**721,721**
JPMorgan Insurance Trust International Equity Class 1 Shares	162,831	**250,088**	**780,765**
JPMorgan Insurance Trust Mid Cap Value Class 1 Shares	(8)	**30,656**	**130,801**
JPMorgan Insurance Trust Small Cap Core Class 1 Shares	(10,084)	**(5,946)**	**7,070**
JPMorgan Insurance Trust U.S. Equity Class 1 Shares	(580)	**15,091**	**60,806**
MFS® New Discovery Service Class	(1,010,049)	**1,182,958**	**7,243,325**

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		Investment Income:	Investment Expense:	Increase (Decrease) in Net Assets from Operations:						
Subaccount	**Net Assets as of January 1, 2013:**	Reinvested Dividends	Mortality and Expense Risk and Administrative Charges	**Net Investment Income (Loss)**	Capital Gain Distributions	Realized Gain (Loss) on Investments	**Net Realized Capital Gains (Losses) on Investments**	Net Change in Unrealized Appreciation (Depreciation)	**Net Gain (Loss) on Investment**	**Net Increase (Decrease) in Net Assets Resulting from Operations**
MFS® Total Return Service Class	$ **1,788,262**	$ 30,760	$ 26,059	$ **4,701**	$ -	$ 45,624	$ **45,624**	$ 245,136	$ **290,760**	$ **295,461**
TA Aegon High Yield Bond Initial Class	**164,087**	7,858	2,002	**5,856**	-	9,587	**9,587**	(7,674)	**1,913**	**7,769**
TA Aegon High Yield Bond Service Class	**3,311,088**	256,480	62,636	**193,844**	-	48,238	**48,238**	(48,252)	**(14)**	**193,830**
TA Aegon Money Market Initial Class	**454,737**	20	5,526	**(5,506)**	-	-	**-**	-	**-**	**(5,506)**
TA Aegon Money Market Service Class	**13,803,900**	1,176	335,410	**(334,234)**	-	-	**-**	-	**-**	**(334,234)**
TA Aegon Tactical Vanguard ETF - Balanced Service Class	**13,133,992**	190,246	423,393	**(233,147)**	199,646	160,443	**360,089**	2,636,436	**2,996,525**	**2,763,378**
TA Aegon Tactical Vanguard ETF - Conservative Service Class	**10,318,056**	166,217	191,449	**(25,232)**	187,787	215,800	**403,587**	403,695	**807,282**	**782,050**
TA Aegon Tactical Vanguard ETF - Growth Service Class	**9,309,067**	165,327	250,302	**(84,975)**	-	276,121	**276,121**	2,146,314	**2,422,435**	**2,337,460**
TA Aegon U.S. Government Securities Initial Class	**444,550**	9,526	5,653	**3,873**	8,914	4,129	**13,043**	(31,812)	**(18,769)**	**(14,896)**
TA Aegon U.S. Government Securities Service Class	**28,835,995**	723,799	456,846	**266,953**	802,252	(1,529,760)	**(727,508)**	(863,866)	**(1,591,374)**	**(1,324,421)**
TA AllianceBernstein Dynamic Allocation Initial Class	**60,017**	733	868	**(135)**	-	(221)	**(221)**	3,820	**3,599**	**3,464**
TA AllianceBernstein Dynamic Allocation Service Class	**12,209,061**	138,759	206,563	**(67,804)**	-	158,652	**158,652**	636,788	**795,440**	**727,636**
TA Asset Allocation - Conservative Initial Class	**102,912**	3,232	1,239	**1,993**	159	7,103	**7,262**	(3,046)	**4,216**	**6,209**
TA Asset Allocation - Conservative Service Class	**43,570,834**	1,466,942	681,174	**785,768**	78,312	650,661	**728,973**	2,050,690	**2,779,663**	**3,565,431**
TA Asset Allocation - Growth Initial Class	**63,855**	741	1,176	**(435)**	-	(4,612)	**(4,612)**	24,808	**20,196**	**19,761**
TA Asset Allocation - Growth Service Class	**3,927,834**	52,542	73,362	**(20,820)**	-	131,758	**131,758**	979,185	**1,110,943**	**1,090,123**
TA Asset Allocation - Moderate Initial Class	**967,012**	24,955	14,095	**10,860**	-	(2,916)	**(2,916)**	106,701	**103,785**	**114,645**

See Accompanying Notes.
(1) *See Footnote 1*

Transamerica Financial Life Insurance Company
Separate Account VA BNY
Statements of Operations and Change in Net Assets
Year Ended December 31, 2013, Except as Noted

Subaccount	Increase (Decrease) in Net Assets from Contract Transactions	Total Increase (Decrease) in Net Assets	Net Assets as of December 31, 2013
MFS® Total Return Service Class	$ (179,768)	$ 115,693	$ 1,903,955
TA Aegon High Yield Bond Initial Class	(31,559)	(23,790)	140,297
TA Aegon High Yield Bond Service Class	1,303,695	1,497,525	4,808,613
TA Aegon Money Market Initial Class	(77,804)	(83,310)	371,427
TA Aegon Money Market Service Class	27,533,388	27,199,154	41,003,054
TA Aegon Tactical Vanguard ETF - Balanced Service Class	40,329,872	43,093,250	56,227,242
TA Aegon Tactical Vanguard ETF - Conservative Service Class	6,895,059	7,677,109	17,995,165
TA Aegon Tactical Vanguard ETF - Growth Service Class	19,056,729	21,394,189	30,703,256
TA Aegon U.S. Government Securities Initial Class	(36,776)	(51,672)	392,878
TA Aegon U.S. Government Securities Service Class	(747,349)	(2,071,770)	26,764,225
TA AllianceBernstein Dynamic Allocation Initial Class	1,810	5,274	65,291
TA AllianceBernstein Dynamic Allocation Service Class	2,927,435	3,655,071	15,864,132
TA Asset Allocation - Conservative Initial Class	(50,227)	(44,018)	58,894
TA Asset Allocation - Conservative Service Class	7,303,565	10,868,996	54,439,830
TA Asset Allocation - Growth Initial Class	63,035	82,796	146,651
TA Asset Allocation - Growth Service Class	1,077,315	2,167,438	6,095,272
TA Asset Allocation - Moderate Initial Class	(16,336)	98,309	1,065,321

See Accompanying Notes.

(1) *See Footnote 1*

Transamerica Financial Life Insurance Company
Separate Account VA BNY
Statements of Operations and Change in Net Assets
Year Ended December 31, 2013, Except as Noted

		Investment Income:	Investment Expense:	Increase (Decrease) in Net Assets from Operations:						
Subaccount	**Net Assets as of January 1, 2013:**	Reinvested Dividends	Mortality and Expense Risk and Administrative Charges	**Net Investment Income (Loss)**	Capital Gain Distributions	Realized Gain (Loss) on Investments	**Net Realized Capital Gains (Losses) on Investments**	Net Change in Unrealized Appreciation (Depreciation)	**Net Gain (Loss) on Investment**	**Net Increase (Decrease) in Net Assets Resulting from Operations**
TA Asset Allocation - Moderate Service Class	$ **141,669,166**	$ 4,239,469	$ 2,522,341	$ **1,717,128**	$ -	$ 1,274,386	$ **1,274,386**	$ 16,951,756	$ **18,226,142**	$ **19,943,270**
TA Asset Allocation - Moderate Growth Initial Class	**324,237**	7,471	4,109	**3,362**	-	(10,171)	**(10,171)**	59,213	**49,042**	**52,404**
TA Asset Allocation - Moderate Growth Service Class	**93,631,084**	2,381,885	1,627,673	**754,212**	-	128,944	**128,944**	16,817,620	**16,946,564**	**17,700,776**
TA Barrow Hanley Dividend Focused Initial Class	**3,506,520**	85,025	50,879	**34,146**	-	161,719	**161,719**	719,084	**880,803**	**914,949**
TA Barrow Hanley Dividend Focused Service Class	**7,871,863**	86,258	56,142	**30,116**	-	490,561	**490,561**	470,439	**961,000**	**991,116**
TA BlackRock Global Allocation Service Class	**45,873,956**	577,040	752,118	**(175,078)**	424,029	455,167	**879,196**	5,356,181	**6,235,377**	**6,060,299**
TA BlackRock Tactical Allocation Service Class	**35,871,490**	713,101	735,536	**(22,435)**	834,015	562,629	**1,396,644**	3,895,692	**5,292,336**	**5,269,901**
TA BNP Paribas Large Cap Growth Initial Class	**1,719,363**	16,935	23,889	**(6,954)**	-	143,502	**143,502**	334,277	**477,779**	**470,825**
TA BNP Paribas Large Cap Growth Service Class	**4,696,125**	49,467	92,866	**(43,399)**	-	81,123	**81,123**	1,636,683	**1,717,806**	**1,674,407**
TA Clarion Global Real Estate Securities Initial Class	**51,946**	2,900	708	**2,192**	-	(1,106)	**(1,106)**	277	**(829)**	**1,363**
TA Clarion Global Real Estate Securities Service Class	**2,269,443**	163,908	43,941	**119,967**	-	18,647	**18,647**	(87,888)	**(69,241)**	**50,726**
TA Hanlon Income Service Class	**3,377,422**	119,249	43,508	**75,741**	-	17,301	**17,301**	(56,842)	**(39,541)**	**36,200**
TA ING Balanced Allocation Service Class(1)	**-**	-	107	**(107)**	-	4	**4**	978	**982**	**875**
TA ING Conservative Allocation Service Class(1)	**-**	-	105	**(105)**	-	-	**-**	578	**578**	**473**
TA ING Intermediate Bond Service Class(1)	**-**	-	-	**-**	-	(3)	**(3)**	-	**(3)**	**(3)**
TA ING Large Cap Growth Service Class(1)	**-**	-	-	**-**	-	5	**5**	-	**5**	**5**
TA ING Limited Maturity Bond Service Class(1)	**-**	-	316	**(316)**	-	-	**-**	132	**132**	**(184)**

See Accompanying Notes.

(1) *See Footnote 1*

Transamerica Financial Life Insurance Company
Separate Account VA BNY
Statements of Operations and Change in Net Assets
Year Ended December 31, 2013, Except as Noted

Subaccount	Increase (Decrease) in Net Assets from Contract Transactions	**Total Increase (Decrease) in Net Assets**	**Net Assets as of December 31, 2013**
TA Asset Allocation - Moderate Service Class	$ 60,345,441	$ **80,288,711**	$ **221,957,877**
TA Asset Allocation - Moderate Growth Initial Class	(101,544)	**(49,140)**	**275,097**
TA Asset Allocation - Moderate Growth Service Class	17,126,498	**34,827,274**	**128,458,358**
TA Barrow Hanley Dividend Focused Initial Class	(582,481)	**332,468**	**3,838,988**
TA Barrow Hanley Dividend Focused Service Class	(4,648,941)	**(3,657,825)**	**4,214,038**
TA BlackRock Global Allocation Service Class	4,054,636	**10,114,935**	**55,988,891**
TA BlackRock Tactical Allocation Service Class	25,350,777	**30,620,678**	**66,492,168**
TA BNP Paribas Large Cap Growth Initial Class	(417,249)	**53,576**	**1,772,939**
TA BNP Paribas Large Cap Growth Service Class	1,385,084	**3,059,491**	**7,755,616**
TA Clarion Global Real Estate Securities Initial Class	(788)	**575**	**52,521**
TA Clarion Global Real Estate Securities Service Class	1,043,203	**1,093,929**	**3,363,372**
TA Hanlon Income Service Class	(515,497)	**(479,297)**	**2,898,125**
TA ING Balanced Allocation Service Class(1)	15,034	**15,909**	**15,909**
TA ING Conservative Allocation Service Class(1)	15,356	**15,829**	**15,829**
TA ING Intermediate Bond Service Class(1)	3	-	-
TA ING Large Cap Growth Service Class(1)	(5)	-	-
TA ING Limited Maturity Bond Service Class(1)	46,839	**46,655**	**46,655**

See Accompanying Notes.
(1) See Footnote 1

Transamerica Financial Life Insurance Company
Separate Account VA BNY
Statements of Operations and Change in Net Assets
Year Ended December 31, 2013, Except as Noted

		Investment Income:	Investment Expense:	Increase (Decrease) in Net Assets from Operations:						
Subaccount	**Net Assets as of January 1, 2013:**	Reinvested Dividends	Mortality and Expense Risk and Administrative Charges	**Net Investment Income (Loss)**	Capital Gain Distributions	Realized Gain (Loss) on Investments	**Net Realized Capital Gains (Losses) on Investments**	Net Change in Unrealized Appreciation (Depreciation)	**Net Gain (Loss) on Investment**	**Net Increase (Decrease) in Net Assets Resulting from Operations**
TA ING Mid Cap Opportunities Service Class(1)	$ -	$ -	$ -	$ -	$ -	$ 5	$ **5**	$ -	$ **5**	$ **5**
TA ING Moderate Growth Allocation Service Class(1)	**-**	-	-	**-**	-	5	**5**	-	**5**	**5**
TA International Moderate Growth Service Class	**17,563,626**	425,752	335,276	**90,476**	-	534,246	**534,246**	1,748,027	**2,282,273**	**2,372,749**
TA Janus Balanced Service Class	**3,462,061**	64,920	120,659	**(55,739)**	-	111,871	**111,871**	1,286,893	**1,398,764**	**1,343,025**
TA Jennison Growth Initial Class	**1,840,076**	5,017	26,260	**(21,243)**	144,820	86,102	**230,922**	378,476	**609,398**	**588,155**
TA Jennison Growth Service Class	**5,977,859**	5,054	110,679	**(105,625)**	595,769	46,897	**642,666**	1,746,475	**2,389,141**	**2,283,516**
TA JPMorgan Core Bond Service Class	**4,541,364**	174,008	87,227	**86,781**	-	408	**408**	(294,370)	**(293,962)**	**(207,181)**
TA JPMorgan Enhanced Index Initial Class	**442,008**	3,135	6,609	**(3,474)**	3,263	11,910	**15,173**	116,282	**131,455**	**127,981**
TA JPMorgan Enhanced Index Service Class	**192,454**	1,629	4,690	**(3,061)**	2,170	20,848	**23,018**	53,745	**76,763**	**73,702**
TA JPMorgan Mid Cap Value Service Class	**5,704,726**	30,338	115,575	**(85,237)**	95,837	344,067	**439,904**	1,514,614	**1,954,518**	**1,869,281**
TA JPMorgan Tactical Allocation Service Class	**15,073,054**	239,660	320,592	**(80,932)**	-	216,186	**216,186**	707,281	**923,467**	**842,535**
TA Legg Mason Dynamic Allocation - Balanced Service Class	**4,653,300**	34,428	197,920	**(163,492)**	6,235	62,178	**68,413**	1,173,304	**1,241,717**	**1,078,225**
TA Legg Mason Dynamic Allocation - Growth Service Class	**2,801,716**	21,640	139,000	**(117,360)**	2,198	44,121	**46,319**	1,370,590	**1,416,909**	**1,299,549**
TA Market Participation Strategy Service Class	**720,954**	-	72,098	**(72,098)**	507	31,824	**32,331**	797,789	**830,120**	**758,022**
TA MFS International Equity Initial Class	**62,062**	771	920	**(149)**	-	157	**157**	10,209	**10,366**	**10,217**
TA MFS International Equity Service Class	**1,119,091**	20,377	25,597	**(5,220)**	-	63,416	**63,416**	219,257	**282,673**	**277,453**
TA Morgan Stanley Capital Growth Initial Class	**28,219**	229	462	**(233)**	150	74	**224**	13,027	**13,251**	**13,018**

See Accompanying Notes.
(1) *See Footnote 1*

Transamerica Financial Life Insurance Company
Separate Account VA BNY
Statements of Operations and Change in Net Assets
Year Ended December 31, 2013, Except as Noted

Subaccount	Increase (Decrease) in Net Assets from Contract Transactions	**Total Increase (Decrease) in Net Assets**	**Net Assets as of December 31, 2013**
TA ING Mid Cap Opportunities Service Class[1]	$ (5)	$ -	$ -
TA ING Moderate Growth Allocation Service Class[1]	(5)	-	-
TA International Moderate Growth Service Class	7,843,238	**10,215,987**	**27,779,613**
TA Janus Balanced Service Class	10,792,098	**12,135,123**	**15,597,184**
TA Jennison Growth Initial Class	(339,897)	**248,258**	**2,088,334**
TA Jennison Growth Service Class	1,031,326	**3,314,842**	**9,292,701**
TA JPMorgan Core Bond Service Class	3,075,436	**2,868,255**	**7,409,619**
TA JPMorgan Enhanced Index Initial Class	(28,607)	**99,374**	**541,382**
TA JPMorgan Enhanced Index Service Class	182,768	**256,470**	**448,924**
TA JPMorgan Mid Cap Value Service Class	2,912,350	**4,781,631**	**10,486,357**
TA JPMorgan Tactical Allocation Service Class	14,879,363	**15,721,898**	**30,794,952**
TA Legg Mason Dynamic Allocation - Balanced Service Class	21,238,926	**22,317,151**	**26,970,451**
TA Legg Mason Dynamic Allocation - Growth Service Class	15,969,642	**17,269,191**	**20,070,907**
TA Market Participation Strategy Service Class	10,913,871	**11,671,893**	**12,392,847**
TA MFS International Equity Initial Class	(17)	**10,200**	**72,262**
TA MFS International Equity Service Class	1,002,415	**1,279,868**	**2,398,959**
TA Morgan Stanley Capital Growth Initial Class	(58)	**12,960**	**41,179**

See Accompanying Notes.
[1] *See Footnote 1*

Transamerica Financial Life Insurance Company
Separate Account VA BNY
Statements of Operations and Change in Net Assets
Year Ended December 31, 2013, Except as Noted

		Investment Income:	Investment Expense:	Increase (Decrease) in Net Assets from Operations:						
Subaccount	**Net Assets as of January 1, 2013:**	Reinvested Dividends	Mortality and Expense Risk and Administrative Charges	**Net Investment Income (Loss)**	Capital Gain Distributions	Realized Gain (Loss) on Investments	**Net Realized Capital Gains (Losses) on Investments**	Net Change in Unrealized Appreciation (Depreciation)	**Net Gain (Loss) on Investment**	**Net Increase (Decrease) in Net Assets Resulting from Operations**
TA Morgan Stanley Capital Growth Service Class	$ **630,426**	$ 3,919	$ 11,561	$ **(7,642)**	$ 3,431	$ 515	$ **3,946**	$ 308,528	$ **312,474**	$ **304,832**
TA Morgan Stanley Mid-Cap Growth Initial Class	**41,828**	394	664	**(270)**	986	1,092	**2,078**	13,408	**15,486**	**15,216**
TA Morgan Stanley Mid-Cap Growth Service Class	**2,936,120**	20,823	53,137	**(32,314)**	71,658	313,859	**385,517**	731,060	**1,116,577**	**1,084,263**
TA Multi-Managed Balanced Initial Class	**39,897**	691	602	**89**	1,418	44	**1,462**	5,017	**6,479**	**6,568**
TA Multi-Managed Balanced Service Class	**4,481,180**	86,886	81,538	**5,348**	200,453	33,082	**233,535**	583,968	**817,503**	**822,851**
TA Multi-Manager Alt Strategies Service Class[(1)]	**-**	-	3	**(3)**	-	-	**-**	119	**119**	**116**
TA PIMCO Real Return TIPS Service Class	**15,370,289**	54,131	234,560	**(180,429)**	585,289	(279,638)	**305,651**	(2,063,940)	**(1,758,289)**	**(1,938,718)**
TA PIMCO Tactical - Balanced Service Class	**3,358,618**	57,802	125,142	**(67,340)**	-	13,620	**13,620**	921,589	**935,209**	**867,869**
TA PIMCO Tactical - Conservative Service Class	**1,613,212**	23,243	45,028	**(21,785)**	-	(28,265)	**(28,265)**	246,102	**217,837**	**196,052**
TA PIMCO Tactical - Growth Service Class	**1,512,853**	36,190	63,235	**(27,045)**	-	(11,855)	**(11,855)**	666,793	**654,938**	**627,893**
TA PIMCO Total Return Initial Class	**555,485**	9,390	6,834	**2,556**	5,337	9,020	**14,357**	(38,005)	**(23,648)**	**(21,092)**
TA PIMCO Total Return Service Class	**59,123,962**	1,369,623	962,294	**407,329**	857,153	(263,240)	**593,913**	(3,795,266)	**(3,201,353)**	**(2,794,024)**
TA ProFunds UltraBear Service Class (OAM)	**3,953,441**	-	15,674	**(15,674)**	-	(1,282,698)	**(1,282,698)**	398,138	**(884,560)**	**(900,234)**
TA Systematic Small/Mid Cap Value Initial Class	**3,142,391**	14,135	46,531	**(32,396)**	6,798	142,239	**149,037**	881,065	**1,030,102**	**997,706**
TA Systematic Small/Mid Cap Value Service Class	**2,533,553**	9,500	44,637	**(35,137)**	6,501	(123,183)	**(116,682)**	1,054,072	**937,390**	**902,253**
TA T. Rowe Price Small Cap Initial Class	**257,578**	206	4,053	**(3,847)**	11,933	5,080	**17,013**	88,673	**105,686**	**101,839**
TA T. Rowe Price Small Cap Service Class	**7,692,095**	-	153,192	**(153,192)**	457,749	285,770	**743,519**	2,916,822	**3,660,341**	**3,507,149**

See Accompanying Notes.
[(1)] *See Footnote 1*

Transamerica Financial Life Insurance Company
Separate Account VA BNY
Statements of Operations and Change in Net Assets
Year Ended December 31, 2013, Except as Noted

Subaccount	Increase (Decrease) in Net Assets from Contract Transactions	**Total Increase (Decrease) in Net Assets**	**Net Assets as of December 31, 2013**
TA Morgan Stanley Capital Growth Service Class	$ 117,607	$ **422,439**	$ **1,052,865**
TA Morgan Stanley Mid-Cap Growth Initial Class	(2,138)	**13,078**	**54,906**
TA Morgan Stanley Mid-Cap Growth Service Class	(652,816)	**431,447**	**3,367,567**
TA Multi-Managed Balanced Initial Class	-	**6,568**	**46,465**
TA Multi-Managed Balanced Service Class	1,402,187	**2,225,038**	**6,706,218**
TA Multi-Manager Alt Strategies Service Class(1)	6,000	**6,116**	**6,116**
TA PIMCO Real Return TIPS Service Class	1,047,298	**(891,420)**	**14,478,869**
TA PIMCO Tactical - Balanced Service Class	12,154,559	**13,022,428**	**16,381,046**
TA PIMCO Tactical - Conservative Service Class	3,050,528	**3,246,580**	**4,859,792**
TA PIMCO Tactical - Growth Service Class	5,913,948	**6,541,841**	**8,054,694**
TA PIMCO Total Return Initial Class	(114,136)	**(135,228)**	**420,257**
TA PIMCO Total Return Service Class	9,116,137	**6,322,113**	**65,446,075**
TA ProFunds UltraBear Service Class (OAM)	(2,627,364)	**(3,527,598)**	**425,843**
TA Systematic Small/Mid Cap Value Initial Class	(528,266)	**469,440**	**3,611,831**
TA Systematic Small/Mid Cap Value Service Class	620,933	**1,523,186**	**4,056,739**
TA T. Rowe Price Small Cap Initial Class	(27,491)	**74,348**	**331,926**
TA T. Rowe Price Small Cap Service Class	2,883,269	**6,390,418**	**14,082,513**

See Accompanying Notes.
(1) *See Footnote 1*

Transamerica Financial Life Insurance Company
Separate Account VA BNY
Statements of Operations and Change in Net Assets
Year Ended December 31, 2013, Except as Noted

		Investment Income:	Investment Expense:	Increase (Decrease) in Net Assets from Operations:						
Subaccount	**Net Assets as of January 1, 2013:**	Reinvested Dividends	Mortality and Expense Risk and Administrative Charges	**Net Investment Income (Loss)**	Capital Gain Distributions	Realized Gain (Loss) on Investments	**Net Realized Capital Gains (Losses) on Investments**	Net Change in Unrealized Appreciation (Depreciation)	**Net Gain (Loss) on Investment**	**Net Increase (Decrease) in Net Assets Resulting from Operations**
TA TS&W International Equity Initial Class	$ **1,054,272**	$ 24,084	$ 14,585	$ **9,499**	$ -	$ 72,817	$ **72,817**	$ 132,782	$ **205,599**	$ **215,098**
TA TS&W International Equity Service Class	**520,759**	18,600	12,136	**6,464**	-	20,235	**20,235**	137,789	**158,024**	**164,488**
TA Vanguard ETF - Aggressive Growth Service Class	**7,239,951**	178,320	202,270	**(23,950)**	127,195	178,230	**305,425**	2,850,920	**3,156,345**	**3,132,395**
TA Vanguard ETF - Balanced Service Class	**103,256,948**	1,721,029	1,995,484	**(274,455)**	2,132,595	1,474,956	**3,607,551**	11,032,594	**14,640,145**	**14,365,690**
TA Vanguard ETF - Conservative Service Class	**37,084,247**	625,785	610,343	**15,442**	704,535	719,812	**1,424,347**	1,194,945	**2,619,292**	**2,634,734**
TA Vanguard ETF - Growth Service Class	**84,454,388**	1,799,694	1,891,649	**(91,955)**	2,906,667	1,448,991	**4,355,658**	16,567,921	**20,923,579**	**20,831,624**
TA WMC Diversified Growth Initial Class	**2,886,812**	31,878	42,349	**(10,471)**	-	41,949	**41,949**	789,789	**831,738**	**821,267**
TA WMC Diversified Growth Service Class	**1,097,644**	12,666	21,620	**(8,954)**	-	61,466	**61,466**	350,681	**412,147**	**403,193**
Vanguard® Equity Index (1)	**-**	-	-	**-**	-	1	**1**	-	**1**	**1**
Vanguard® International (1)	**-**	-	-	**-**	-	1	**1**	-	**1**	**1**
Vanguard® Mid-Cap Index (1)	**-**	-	-	**-**	-	1	**1**	-	**1**	**1**
Vanguard® REIT Index (1)	**-**	-	-	**-**	-	(1)	**(1)**	-	**(1)**	**(1)**
Vanguard® Short-Term Investment Grade (1)	**-**	-	-	**-**	-	-	**-**	-	**-**	**-**
Vanguard® Total Bond Market Index (1)	**-**	-	-	**-**	-	(1)	**(1)**	-	**(1)**	**(1)**
Wanger International (1)	**-**	-	-	**-**	-	-	**-**	-	**-**	**-**
Wanger USA (1)	**-**	-	-	**-**	-	2	**2**	-	**2**	**2**

See Accompanying Notes.

(1) *See Footnote 1*

Transamerica Financial Life Insurance Company
Separate Account VA BNY
Statements of Operations and Change in Net Assets
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Subaccount	Increase (Decrease) in Net Assets from Contract Transactions	**Total Increase (Decrease) in Net Assets**	**Net Assets as of December 31, 2013**
TA TS&W International Equity Initial Class	$ (185,014)	$ **30,084**	$ **1,084,356**
TA TS&W International Equity Service Class	466,246	**630,734**	**1,151,493**
TA Vanguard ETF - Aggressive Growth Service Class	10,615,054	**13,747,449**	**20,987,400**
TA Vanguard ETF - Balanced Service Class	91,850,154	**106,215,844**	**209,472,792**
TA Vanguard ETF - Conservative Service Class	12,742,756	**15,377,490**	**52,461,737**
TA Vanguard ETF - Growth Service Class	91,181,631	**112,013,255**	**196,467,643**
TA WMC Diversified Growth Initial Class	(430,772)	**390,495**	**3,277,307**
TA WMC Diversified Growth Service Class	360,575	**763,768**	**1,861,412**
Vanguard® Equity Index [(1)]	(1)	-	-
Vanguard® International [(1)]	(1)	-	-
Vanguard® Mid-Cap Index [(1)]	(1)	-	-
Vanguard® REIT Index [(1)]	1	-	-
Vanguard® Short-Term Investment Grade [(1)]	-	-	-
Vanguard® Total Bond Market Index [(1)]	1	-	-
Wanger International [(1)]	-	-	-
Wanger USA [(1)]	(2)	-	-

See Accompanying Notes.
[(1)] See Footnote 1

1. Organization and Summary of Significant Accounting Policies

Organization

Separate Accont VA BNY (the Separate Account) is a segregated investment account of Transamerica Financial Life Insurance Company (TFLIC), an indirect wholly owned subsidiary of AEGON N.V., a holding company organized under the laws of The Netherlands.

The Separate Account is registered with the Securities and Exchange Commission as a Unit Investment Trust pursuant to provisions of the Investment Company Act of 1940. The Separate Account consists of multiple investment subaccounts. Each subaccount invests exclusively in the corresponding portfolio of a Mutual Fund. Each Mutual Fund is registered as an open-end management investment company under the Investment Company Act of 1940, as amended. Activity in these specified investment subaccounts is available to contract owners of Transamerica Landmark NY Variable Annuity, Transamerica Variable Annuity Series, Partners Variable Annuity Series, Transamerica Landmark℠ NY Variable Annuity, Transamerica Axiom℠ II, Transamerica Principium℠ III, Transamerica Retirement Income Plus, Transamerica Income Elite℠ II, Transamerica Advisor Elite II, Transamerica Variable Annuity O-Share, Transamerica Liberty℠ NY Variable Annuity, Transamerica Axiom℠ NY Variable Annuity, Transamerica Principium℠ II Variable Annuity, Income Elite℠ Variable Annuity.

The TA Profunds UltraBear-Open Allocation Method-Service Class (OAM) is included in the subaccount listing only to facilitate a contract owner purchase option.

Effective May 1, 2013, TFLIC consolidated the Separate Account with Separate Account VA N, Separate Account VA HNY, Separate Account VA WNY, and Separate Account VA YNY of TFLIC (collectively, the Merged Separate Accounts), with the Separate Account being the surviving separate account. This results in the financial statements of the Merged Separate Accounts being combined with the financial statements of the Separate Account with all periods presented reflecting the consolidation transaction. In effect, the consolidation resulted in the transfer of the subaccounts of the Merged Separate Accounts into the Separate Account.

In the prior year, both Service Class and Initial Class were presented together within one subaccount. For the current year presentation, Service Class and Initial Class shares have been restated and now are reflected separately.

Subaccount Investment by Mutual Fund:

Subaccount	Mutual Fund
AllianceBernstein Variable Products Series Fund, Inc.	AllianceBernstein Variable Products Series Fund, Inc.
AllianceBernstein Balanced Wealth Strategy Class B Shares	AllianceBernstein Balanced Wealth Strategy Portfolio Class B Shares
AllianceBernstein Growth and Income Class B Shares	AllianceBernstein Growth and Income Portfolio Class B Shares
AllianceBernstein Large Cap Growth Class B Shares	AllianceBernstein Large Cap Growth Portfolio Class B Shares
American Funds Insurance Series®	American Funds Insurance Series®
American Funds - Asset Allocation Class 2 Shares	American Funds - Asset Allocation Fund Class 2 Shares
American Funds - Bond Class 2 Shares	American Funds - Bond Fund Class 2 Shares
American Funds - Growth Class 2 Shares	American Funds - Growth Fund Class 2 Shares
American Funds - Growth-Income Class 2 Shares	American Funds - Growth-Income Fund Class 2 Shares
American Funds - International Class 2 Shares	American Funds - International Fund Class 2 Shares
Fidelity® Variable Insurance Products Fund	Fidelity® Variable Insurance Products Fund
Fidelity® VIP Balanced Service Class 2	Fidelity® VIP Balanced Service Portfolio Class 2
Fidelity® VIP Contrafund® Initial Class	Fidelity® VIP Contrafund® Portfolio Initial Class
Fidelity® VIP Contrafund® Service Class 2	Fidelity® VIP Contrafund® Portfolio Service Class 2
Fidelity® VIP Equity-Income Service Class 2	Fidelity® VIP Equity-Income Portfolio Service Class 2
Fidelity® VIP Growth Service Class 2	Fidelity® VIP Growth Portfolio Service Class 2
Fidelity® VIP Growth Opportunities Service Class 2	Fidelity® VIP Growth Opportunities Portfolio Service Class 2
Fidelity® VIP Mid Cap Initial Class	Fidelity® VIP Mid Cap Portfolio Initial Class

1. Organization and Summary of Significant Accounting Policies (continued)

Subaccount Investment by Mutual Fund:

Subaccount	Mutual Fund
Fidelity® Variable Insurance Products Fund	Fidelity® Variable Insurance Products Fund
Fidelity® VIP Mid Cap Service Class 2	Fidelity® VIP Mid Cap Portfolio Service Class 2
Fidelity® VIP Value Strategies Initial Class	Fidelity® VIP Value Strategies Portfolio Initial Class
Fidelity® VIP Value Strategies Service Class 2	Fidelity® VIP Value Strategies Portfolio Service Class 2
Franklin Templeton Variable Insurance Products Trust	Franklin Templeton Variable Insurance Products Trust
Franklin Income Securities Class 2 Shares	Franklin Income Securities Fund Class 2 Shares
Franklin Mutual Shares Securities Class 2 Shares	Franklin Mutual Shares Securities Fund Class 2 Shares
Franklin Templeton Foreign Securities Class 2 Shares	Franklin Templeton Foreign Securities Fund Class 2 Shares
Franklin Templeton VIP Founding Funds Allocation Class 4	Franklin Templeton VIP Founding Funds Allocation Fund Class 4 Shares
GE Investments Funds, Inc.	GE Investments Funds, Inc.
GE Investments Total Return Class 3 Shares	GE Investments Total Return Fund Class 3 Shares
AIM Variable Insurance Funds (Invesco Variable Insurance Funds)	AIM Variable Insurance Funds (Invesco Variable Insurance Funds)
Invesco V.I. American Franchise Series II Shares	Invesco V.I. American Franchise Fund Series II Shares
Invesco V.I. Value Opportunities Series II Shares	Invesco V.I. Value Opportunities Fund Series II Shares
Janus Aspen Series	Janus Aspen Series
Janus Aspen - Enterprise Service Shares	Janus Aspen - Enterprise Portfolio Service Shares
Janus Aspen - Global Research Service Shares	Janus Aspen - Global Research Portfolio Service Shares
Janus Aspen - Perkins Mid Cap Value Service Shares	Janus Aspen - Perkins Mid Cap Value Portfolio Service Shares
JPMorgan Insurance Trust	JPMorgan Insurance Trust
JPMorgan Insurance Trust Core Bond Class 1 Shares	JPMorgan Insurance Trust Core Bond Class 1 Shares
JPMorgan Insurance Trust International Equity Class 1 Shares	JPMorgan Insurance Trust International Equity Class 1 Shares
JPMorgan Insurance Trust Mid Cap Value Class 1 Shares	JPMorgan Insurance Trust Mid Cap Value Class 1 Shares
JPMorgan Insurance Trust Small Cap Core Class 1 Shares	JPMorgan Insurance Trust Small Cap Core Class 1 Shares
JPMorgan Insurance Trust U.S. Equity Class 1 Shares	JPMorgan Insurance Trust U.S. Equity Class 1 Shares
MFS® Variable Insurance Trust	MFS® Variable Insurance Trust
MFS® New Discovery Service Class	MFS® New Discovery Service Class
MFS® Total Return Service Class	MFS® Total Return Service Class
Transamerica Series Trust	Transamerica Series Trust
TA Aegon High Yield Bond Initial Class	Transamerica Aegon High Yield Bond VP Initial Class
TA Aegon High Yield Bond Service Class	Transamerica Aegon High Yield Bond VP Service Class
TA Aegon Money Market Initial Class	Transamerica Aegon Money Market VP Initial Class
TA Aegon Money Market Service Class	Transamerica Aegon Money Market VP Service Class
TA Aegon Tactical Vanguard ETF - Balanced Service Class	Transamerica Aegon Active Asset Allocation - Moderate VP Service Class
TA Aegon Tactical Vanguard ETF - Conservative Service Class	Transamerica Aegon Active Asset Allocation - Conservative VP Service Class
TA Aegon Tactical Vanguard ETF - Growth Service Class	Transamerica Aegon Active Asset Allocation - Moderate Growth VP Service Class
TA Aegon U.S. Government Securities Initial Class	Transamerica Aegon U.S. Government Securities VP Initial Class
TA Aegon U.S. Government Securities Service Class	Transamerica Aegon U.S. Government Securities VP Service Class
TA AllianceBernstein Dynamic Allocation Initial Class	Transamerica AllianceBernstein Dynamic Allocation VP Initial Class
TA AllianceBernstein Dynamic Allocation Service Class	Transamerica AllianceBernstein Dynamic Allocation VP Service Class
TA Asset Allocation - Conservative Initial Class	Transamerica Asset Allocation - Conservative VP Initial Class
TA Asset Allocation - Conservative Service Class	Transamerica Asset Allocation - Conservative VP Service Class
TA Asset Allocation - Growth Initial Class	Transamerica Asset Allocation - Growth VP Initial Class
TA Asset Allocation - Growth Service Class	Transamerica Asset Allocation - Growth VP Service Class

1. Organization and Summary of Significant Accounting Policies (continued)

Subaccount Investment by Mutual Fund:

Subaccount	Mutual Fund
Transamerica Series Trust	Transamerica Series Trust
TA Asset Allocation - Moderate Initial Class	Transamerica Asset Allocation - Moderate VP Initial Class
TA Asset Allocation - Moderate Service Class	Transamerica Asset Allocation - Moderate VP Service Class
TA Asset Allocation - Moderate Growth Initial Class	Transamerica Asset Allocation - Moderate Growth VP Initial Class
TA Asset Allocation - Moderate Growth Service Class	Transamerica Asset Allocation - Moderate Growth VP Service Class
TA Barrow Hanley Dividend Focused Initial Class	Transamerica Barrow Hanley Dividend Focused VP Initial Class
TA Barrow Hanley Dividend Focused Service Class	Transamerica Barrow Hanley Dividend Focused VP Service Class
TA BlackRock Global Allocation Service Class	Transamerica BlackRock Global Allocation VP Service Class
TA BlackRock Tactical Allocation Service Class	Transamerica BlackRock Tactical Allocation VP Service Class
TA BNP Paribas Large Cap Growth Initial Class	Transamerica BNP Paribas Large Cap Growth VP Initial Class
TA BNP Paribas Large Cap Growth Service Class	Transamerica BNP Paribas Large Cap Growth VP Service Class
TA Clarion Global Real Estate Securities Initial Class	Transamerica Clarion Global Real Estate Securities VP Initial Class
TA Clarion Global Real Estate Securities Service Class	Transamerica Clarion Global Real Estate Securities VP Service Class
TA Hanlon Income Service Class	Transamerica Hanlon Income VP Service Class
TA ING Balanced Allocation Service Class	Transamerica ING Balanced Allocation VP Service Class
TA ING Conservative Allocation Service Class	Transamerica ING Conservative Allocation VP Service Class
TA ING Intermediate Bond Service Class	Transamerica ING Intermediate Bond VP Service Class
TA ING Large Cap Growth Service Class	Transamerica ING Large Cap Growth VP Service Class
TA ING Limited Maturity Bond Service Class	Transamerica ING Limited Maturity Bond VP Service Class
TA ING Mid Cap Opportunities Service Class	Transamerica ING Mid Cap Opportunities VP Service Class
TA ING Moderate Growth Allocation Service Class	Transamerica ING Moderate Growth Allocation VP Service Class
TA International Moderate Growth Service Class	Transamerica International Moderate Growth VP Service Class
TA Janus Balanced Service Class	Transamerica Janus Balanced VP Service Class
TA Jennison Growth Initial Class	Transamerica Jennison Growth VP Initial Class
TA Jennison Growth Service Class	Transamerica Jennison Growth VP Service Class
TA JPMorgan Core Bond Service Class	Transamerica JPMorgan Core Bond VP Service Class
TA JPMorgan Enhanced Index Initial Class	Transamerica JPMorgan Enhanced Index VP Initial Class
TA JPMorgan Enhanced Index Service Class	Transamerica JPMorgan Enhanced Index VP Service Class
TA JPMorgan Mid Cap Value Service Class	Transamerica JPMorgan Mid Cap Value VP Service Class
TA JPMorgan Tactical Allocation Service Class	Transamerica JPMorgan Tactical Allocation VP Service Class
TA Legg Mason Dynamic Allocation - Balanced Service Class	Transamerica Legg Mason Dynamic Allocation - Balanced VP Service
TA Legg Mason Dynamic Allocation - Growth Service Class	Transamerica Legg Mason Dynamic Allocation - Growth VP Service
TA Market Participation Strategy Service Class	Transamerica Market Participation Strategy VP Service Class
TA MFS International Equity Initial Class	Transamerica MFS International Equity VP Initial Class
TA MFS International Equity Service Class	Transamerica MFS International Equity VP Service Class
TA Morgan Stanley Capital Growth Initial Class	Transamerica Morgan Stanley Capital Growth VP Initial Class
TA Morgan Stanley Capital Growth Service Class	Transamerica Morgan Stanley Capital Growth VP Service Class
TA Morgan Stanley Mid-Cap Growth Initial Class	Transamerica Morgan Stanley Mid-Cap Growth VP Initial Class
TA Morgan Stanley Mid-Cap Growth Service Class	Transamerica Morgan Stanley Mid-Cap Growth VP Service Class
TA Multi-Managed Balanced Initial Class	Transamerica Multi-Managed Balanced VP Initial Class
TA Multi-Managed Balanced Service Class	Transamerica Multi-Managed Balanced VP Service Class
TA Multi-Manager Alt Strategies Service Class	Transamerica Multi-Manager Alt Strategies VP Service Class
TA PIMCO Real Return TIPS Service Class	Transamerica PIMCO Real Return TIPS VP Service Class

1. Organization and Summary of Significant Accounting Policies (continued)

Subaccount Investment by Mutual Fund:

Subaccount	Mutual Fund
Transamerica Series Trust	Transamerica Series Trust
TA PIMCO Tactical - Balanced Service Class	Transamerica PIMCO Tactical - Balanced VP Service Class
TA PIMCO Tactical - Conservative Service Class	Transamerica PIMCO Tactical - Conservative VP Service Class
TA PIMCO Tactical - Growth Service Class	Transamerica PIMCO Tactical - Growth VP Service Class
TA PIMCO Total Return Initial Class	Transamerica PIMCO Total Return VP Initial Class
TA PIMCO Total Return Service Class	Transamerica PIMCO Total Return VP Service Class
TA ProFunds UltraBear Service Class (OAM)	Transamerica ProFunds UltraBear VP Service Class (OAM)
TA Systematic Small/Mid Cap Value Initial Class	Transamerica Systematic Small/Mid Cap Value VP Initial Class
TA Systematic Small/Mid Cap Value Service Class	Transamerica Systematic Small/Mid Cap Value VP Service Class
TA T. Rowe Price Small Cap Initial Class	Transamerica T. Rowe Price Small Cap VP Initial Class
TA T. Rowe Price Small Cap Service Class	Transamerica T. Rowe Price Small Cap VP Service Class
TA TS&W International Equity Initial Class	Transamerica TS&W International Equity VP Initial Class
TA TS&W International Equity Service Class	Transamerica TS&W International Equity VP Service Class
TA Vanguard ETF - Aggressive Growth Service Class	Transamerica Vanguard ETF - Aggressive Growth VP Service Class
TA Vanguard ETF - Balanced Service Class	Transamerica Vanguard ETF - Balanced VP Service Class
TA Vanguard ETF - Conservative Service Class	Transamerica Vanguard ETF - Conservative VP Service Class
TA Vanguard ETF - Growth Service Class	Transamerica Vanguard ETF - Growth VP Service Class
TA WMC Diversified Growth Initial Class	Transamerica WMC Diversified Growth VP Initial Class
TA WMC Diversified Growth Service Class	Transamerica WMC Diversified Growth VP Service Class
Vanguard® Variable Insurance Fund	Vanguard® Variable Insurance Fund
Vanguard® Equity Index	Vanguard® Equity Index Portfolio
Vanguard® International	Vanguard® International Portfolio
Vanguard® Mid-Cap Index	Vanguard® Mid-Cap Index Portfolio
Vanguard® REIT Index	Vanguard® REIT Index Portfolio
Vanguard® Short-Term Investment Grade	Vanguard® Short-Term Investment Grade Portfolio
Vanguard® Total Bond Market Index	Vanguard® Total Bond Market Index Portfolio
Wanger Advisors Trust	Wanger Advisors Trust
Wanger International	Wanger International
Wanger USA	Wanger USA

Each period reported on reflects a full twelve month period except as follows:

Subaccount	Inception Date
TA Multi-Manager Alt Strategies Service Class	November 4, 2013
Fidelity® VIP Contrafund® Initial Class	May 1, 2013
Fidelity® VIP Mid Cap Initial Class	May 1, 2013
Fidelity® VIP Value Strategies Initial Class	May 1, 2013
TA ING Balanced Allocation Service Class	May 1, 2013
TA ING Conservative Allocation Service Class	May 1, 2013
TA ING Intermediate Bond Service Class	May 1, 2013
TA ING Large Cap Growth Service Class	May 1, 2013
TA ING Limited Maturity Bond Service Class	May 1, 2013
TA ING Mid Cap Opportunities Service Class	May 1, 2013

1. Organization and Summary of Significant Accounting Policies (continued)

Each period reported on reflects a full twelve month period except as follows:

Subaccount	Inception Date
TA ING Moderate Growth Allocation Service Class	May 1, 2013
Vanguard® Equity Index	May 1, 2013
Vanguard® International	May 1, 2013
Vanguard® Mid-Cap Index	May 1, 2013
Vanguard® REIT Index	May 1, 2013
Vanguard® Short-Term Investment Grade	May 1, 2013
Vanguard® Total Bond Market Index	May 1, 2013
Wanger International	May 1, 2013
Wanger USA	May 1, 2013
TA Market Participation Strategy Service Class	September 17, 2012
TA Legg Mason Dynamic Allocation - Balanced Service Class	May 1, 2012
TA Legg Mason Dynamic Allocation - Growth Service Class	May 1, 2012
Invesco V.I. American Franchise Series II Shares	April 27, 2012
TA Aegon Tactical Vanguard ETF - Balanced Service Class	May 2, 2011
TA Aegon Tactical Vanguard ETF - Conservative Service Class	May 2, 2011
TA Aegon Tactical Vanguard ETF - Growth Service Class	May 2, 2011
TA JPMorgan Core Bond Service Class	May 2, 2011
TA JPMorgan Tactical Allocation Service Class	May 2, 2011
TA PIMCO Real Return TIPS Service Class	May 2, 2011
American Funds - Asset Allocation Class 2 Shares	November 19, 2009
American Funds - Bond Class 2 Shares	November 19, 2009
American Funds - Growth Class 2 Shares	November 19, 2009
American Funds - Growth-Income Class 2 Shares	November 19, 2009
American Funds - International Class 2 Shares	November 19, 2009
GE Investments Total Return Class 3 Shares	November 19, 2009
TA Hanlon Income Service Class	November 19, 2009
TA Janus Balanced Service Class	November 19, 2009
TA JPMorgan Mid Cap Value Service Class	November 19, 2009
TA PIMCO Tactical - Balanced Service Class	November 19, 2009
TA PIMCO Tactical - Conservative Service Class	November 19, 2009
TA PIMCO Tactical - Growth Service Class	November 19, 2009
TA Vanguard ETF - Aggressive Growth Service Class	November 19, 2009
TA Vanguard ETF - Conservative Service Class	November 19, 2009
TA BlackRock Global Allocation Service Class	May 1, 2009
TA BlackRock Tactical Allocation Service Class	May 1, 2009
TA ProFunds UltraBear Service Class (OAM)	May 1, 2009
JPMorgan Insurance Trust Core Bond Class 1 Shares	April 23, 2009
JPMorgan Insurance Trust International Equity Class 1 Shares	April 23, 2009
JPMorgan Insurance Trust Mid Cap Value Class 1 Shares	April 23, 2009
JPMorgan Insurance Trust Small Cap Core Class 1 Shares	April 23, 2009
JPMorgan Insurance Trust U.S. Equity Class 1 Shares	April 23, 2009

1. Organization and Summary of Significant Accounting Policies (continued)

The following subaccount name changes were made effective during the fiscal year ended December 31, 2013:

Subaccount	Formerly
Janus Aspen - Global Research Service Shares	Janus Aspen - Worldwide Service Shares
TA Barrow Hanley Dividend Focused Initial Class	TA BlackRock Large Cap Value Initial Class
TA Barrow Hanley Dividend Focused Service Class	TA BlackRock Large Cap Value Service Class
TA TS&W International Equity Initial Class	TA Morgan Stanley Active International Initial Class
TA TS&W International Equity Service Class	TA Morgan Stanley Active International Service Class
TA BNP Paribas Large Cap Growth Initial Class	TA Multi Managed Large Cap Core Initial Class
TA BNP Paribas Large Cap Growth Service Class	TA Multi Managed Large Cap Core Service Class
TA Vanguard ETF - Aggressive Growth Service Class	TA Vanguard ETF Index - Aggressive Growth Service Class

The following subaccount name changes were made effective during the fiscal year ended December 31, 2013:

Subaccount	Formerly
TA Vanguard ETF - Balanced Service Class	TA Vanguard ETF Index - Balanced Service Class
TA Vanguard ETF - Conservative Service Class	TA Vanguard ETF Index - Conservative Service Class
TA Vanguard ETF - Growth Service Class	TA Vanguard ETF Index - Growth Service Class

During the current year the following subaccounts were liquidated and subsequently reinvested:

Reinvested Subaccount	Liquidated Subaccount
TA Vanguard ETF - Growth Service Class	TA Efficient Markets Service Class
TA Systematic Small/Mid Cap Value Initial Class	TA Third Avenue Value Initial Class

Investments

Net purchase payments received by the Separate Account are invested in the portfolios of the Mutual Funds as selected by the contract owner. Investments are stated at the closing net asset values per share on December 31, 2013.

Realized capital gains and losses from sales of shares in the Separate Account are determined on the first-in, first-out basis. Investment transactions are accounted for on the trade date (date the order to buy or sell is executed) and dividend income is recorded on the ex-dividend date. Unrealized gains or losses from investments in the Mutual Funds are included in the Statements of Operations and Changes in Net Assets.

Dividend Income

Dividends received from the Mutual Fund investments are reinvested to purchase additional mutual fund shares.

Accounting Policy

The financial statements included herein have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) for variable annuity separate accounts registered as unit investment trusts. The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions regarding matters that affect the reported amount of assets and liabilities. Actual results could differ from those estimates.

2. Investments

The aggregate cost of purchases and proceeds from sales of investments for the period ended December 31, 2013 were as follows:

Subaccount	Purchases	Sales
AllianceBernstein Balanced Wealth Strategy Class B Shares	$ 861,798	$ 466,835
AllianceBernstein Growth and Income Class B Shares	2,463,889	647,649
AllianceBernstein Large Cap Growth Class B Shares	291	108,629
American Funds - Asset Allocation Class 2 Shares	6,917,296	1,491,384
American Funds - Bond Class 2 Shares	3,323,097	876,847
American Funds - Growth Class 2 Shares	4,579,299	673,592
American Funds - Growth-Income Class 2 Shares	5,932,760	383,134
American Funds - International Class 2 Shares	6,230,154	749,047
Fidelity® VIP Balanced Service Class 2	2,802,815	1,401,838
Fidelity® VIP Contrafund® Initial Class	30	32
Fidelity® VIP Contrafund® Service Class 2	10,622,785	1,717,763
Fidelity® VIP Equity-Income Service Class 2	110,760	247,574
Fidelity® VIP Growth Service Class 2	831	95,882
Fidelity® VIP Growth Opportunities Service Class 2	1	63
Fidelity® VIP Mid Cap Initial Class	30	32
Fidelity® VIP Mid Cap Service Class 2	3,450,774	3,521,111
Fidelity® VIP Value Strategies Initial Class	19,619	57
Fidelity® VIP Value Strategies Service Class 2	4,451,585	844,303
Franklin Income Securities Class 2 Shares	688,841	1,665,858
Franklin Mutual Shares Securities Class 2 Shares	17,696	84,337
Franklin Templeton Foreign Securities Class 2 Shares	78,559	504,451
Franklin Templeton VIP Founding Funds Allocation Class 4 Shares	1,599,678	804,210
GE Investments Total Return Class 3 Shares	479,969	359,723
Invesco V.I. American Franchise Series II Shares	365	3,406
Invesco V.I. Value Opportunities Series II Shares	6,235	12,750
Janus Aspen - Enterprise Service Shares	954	13,363
Janus Aspen - Global Research Service Shares	8,707	68,073
Janus Aspen - Perkins Mid Cap Value Service Shares	62	97
JPMorgan Insurance Trust Core Bond Class 1 Shares	37,042	128,121
JPMorgan Insurance Trust International Equity Class 1 Shares	247,922	81,604
JPMorgan Insurance Trust Mid Cap Value Class 1 Shares	2,468	1,503
JPMorgan Insurance Trust Small Cap Core Class 1 Shares	87	10,246
JPMorgan Insurance Trust U.S. Equity Class 1 Shares	666	1,272
MFS® New Discovery Service Class	67,943	1,122,051
MFS® Total Return Service Class	90,268	265,333
TA Aegon High Yield Bond Initial Class	37,970	63,673

2. Investments (continued)

Subaccount	Purchases	Sales
TA Aegon High Yield Bond Service Class	$ 2,130,285	$ 632,742
TA Aegon Money Market Initial Class	46,535	129,842
TA Aegon Money Market Service Class	72,782,002	45,582,876
TA Aegon Tactical Vanguard ETF - Balanced Service Class	42,221,293	1,924,911
TA Aegon Tactical Vanguard ETF - Conservative Service Class	9,853,555	2,795,917
TA Aegon Tactical Vanguard ETF - Growth Service Class	21,305,721	2,333,955
TA Aegon U.S. Government Securities Initial Class	18,440	42,428
TA Aegon U.S. Government Securities Service Class	50,671,985	50,350,117
TA AllianceBernstein Dynamic Allocation Initial Class	2,546	870
TA AllianceBernstein Dynamic Allocation Service Class	4,974,370	2,114,765
TA Asset Allocation - Conservative Initial Class	3,393	51,468
TA Asset Allocation - Conservative Service Class	14,041,990	5,874,381
TA Asset Allocation - Growth Initial Class	75,164	12,567
TA Asset Allocation - Growth Service Class	1,650,533	594,036
TA Asset Allocation - Moderate Initial Class	24,957	30,429
TA Asset Allocation - Moderate Service Class	72,401,855	10,339,339
TA Asset Allocation - Moderate Growth Initial Class	7,568	105,750
TA Asset Allocation - Moderate Growth Service Class	30,803,604	12,922,915
TA Barrow Hanley Dividend Focused Initial Class	141,939	690,265
TA Barrow Hanley Dividend Focused Service Class	1,274,060	5,892,884
TA BlackRock Global Allocation Service Class	7,782,703	3,479,098
TA BlackRock Tactical Allocation Service Class	29,662,227	3,499,893
TA BNP Paribas Large Cap Growth Initial Class	39,246	463,456
TA BNP Paribas Large Cap Growth Service Class	1,849,930	508,254
TA Clarion Global Real Estate Securities Initial Class	2,951	1,546
TA Clarion Global Real Estate Securities Service Class	1,448,288	285,120
TA Hanlon Income Service Class	990,782	1,430,531
TA ING Balanced Allocation Service Class	15,185	259
TA ING Conservative Allocation Service Class	15,506	255
TA ING Intermediate Bond Service Class	150	147
TA ING Large Cap Growth Service Class	151	156
TA ING Limited Maturity Bond Service Class	46,986	464
TA ING Mid Cap Opportunities Service Class	151	156
TA ING Moderate Growth Allocation Service Class	150	155
TA International Moderate Growth Service Class	10,986,559	3,052,827
TA Janus Balanced Service Class	11,852,579	1,116,215

2. Investments (continued)

Subaccount	Purchases	Sales
TA Jennison Growth Initial Class	$ 181,904	$ 398,226
TA Jennison Growth Service Class	2,089,547	568,062
TA JPMorgan Core Bond Service Class	4,405,357	1,243,143
TA JPMorgan Enhanced Index Initial Class	54,216	83,046
TA JPMorgan Enhanced Index Service Class	295,634	113,760
TA JPMorgan Mid Cap Value Service Class	4,569,853	1,646,894
TA JPMorgan Tactical Allocation Service Class	17,643,205	2,844,742
TA Legg Mason Dynamic Allocation - Balanced Service Class	22,226,043	1,144,388
TA Legg Mason Dynamic Allocation - Growth Service Class	16,465,281	610,773
TA Market Participation Strategy Service Class	11,441,614	599,339
TA MFS International Equity Initial Class	821	987
TA MFS International Equity Service Class	1,473,214	476,018
TA Morgan Stanley Capital Growth Initial Class	380	520
TA Morgan Stanley Capital Growth Service Class	535,305	421,907
TA Morgan Stanley Mid-Cap Growth Initial Class	1,431	2,852
TA Morgan Stanley Mid-Cap Growth Service Class	1,730,801	2,344,286
TA Multi-Managed Balanced Initial Class	2,109	602
TA Multi-Managed Balanced Service Class	2,146,715	538,719
TA Multi-Manager Alt Strategies Service Class	6,150	153
TA PIMCO Real Return TIPS Service Class	7,218,128	5,765,954
TA PIMCO Tactical - Balanced Service Class	12,958,809	871,596
TA PIMCO Tactical - Conservative Service Class	3,972,420	943,673
TA PIMCO Tactical - Growth Service Class	6,243,686	356,786
TA PIMCO Total Return Initial Class	14,726	120,972
TA PIMCO Total Return Service Class	31,432,098	21,051,586
TA ProFunds UltraBear Service Class (OAM)	2,095,404	4,738,443
TA Systematic Small/Mid Cap Value Initial Class	77,311	631,176
TA Systematic Small/Mid Cap Value Service Class	1,676,610	1,084,320
TA T. Rowe Price Small Cap Initial Class	12,189	31,592
TA T. Rowe Price Small Cap Service Class	5,258,666	2,070,835
TA TS&W International Equity Initial Class	33,579	209,097
TA TS&W International Equity Service Class	633,845	161,133
TA Vanguard ETF - Aggressive Growth Service Class	12,104,318	1,386,022
TA Vanguard ETF - Balanced Service Class	105,647,564	11,939,373
TA Vanguard ETF - Conservative Service Class	23,925,115	10,462,393
TA Vanguard ETF - Growth Service Class	106,489,769	12,493,542

2. Investments (continued)

Subaccount	**Purchases**	**Sales**
TA WMC Diversified Growth Initial Class	$ 45,406	$ 486,640
TA WMC Diversified Growth Service Class	605,723	254,109
Vanguard® Equity Index	30	31
Vanguard® International	30	31
Vanguard® Mid-Cap Index	30	31
Vanguard® REIT Index	30	29
Vanguard® Short-Term Investment Grade	30	30
Vanguard® Total Bond Market Index	30	29
Wanger International	30	30
Wanger USA	30	32

3. Change in Units

The change in units outstanding were as follows:

	Year Ended December 31, 2013			Year Ended December 31, 2012		
Subaccount	**Units Purchased**	**Units Redeemed and Transferred to/from**	**Net Increase (Decrease)**	**Units Purchased**	**Units Redeemed and Transferred to/from**	**Net Increase (Decrease)**
AllianceBernstein Balanced Wealth Strategy Class B Shares	106,162	90,929	197,091	-	208,221	208,221
AllianceBernstein Growth and Income Class B Shares	610,815	376,583	987,398	-	2,748,361	2,748,361
AllianceBernstein Large Cap Growth Class B Shares	-	(70,050)	(70,050)	-	(62,093)	(62,093)
American Funds - Asset Allocation Class 2 Shares	974,723	2,418,190	3,392,913	-	2,353,171	2,353,171
American Funds - Bond Class 2 Shares	1,024,424	82,503	1,106,927	-	1,576,319	1,576,319
American Funds - Growth Class 2 Shares	1,301,656	209,828	1,511,484	680,185	(497,015)	183,170
American Funds - Growth-Income Class 2 Shares	1,286,544	1,267,203	2,553,747	917,667	(71,228)	846,439
American Funds - International Class 2 Shares	1,590,059	2,585,310	4,175,369	2,027,265	87,702	2,114,968
Fidelity® VIP Balanced Service Class 2	506,135	(305,195)	200,940	825,629	(31,767)	793,862
Fidelity® VIP Contrafund® Initial Class	3	(3)	-	-	-	-
Fidelity® VIP Contrafund® Service Class 2	1,063,333	3,039,295	4,102,628	979,287	121,631	1,100,918
Fidelity® VIP Equity-Income Service Class 2	-	(150,758)	(150,758)	-	(116,972)	(116,972)
Fidelity® VIP Growth Service Class 2	-	(52,414)	(52,414)	-	(143,724)	(143,724)
Fidelity® VIP Growth Opportunities Service Class 2	-	(45)	(45)	-	(48)	(48)
Fidelity® VIP Mid Cap Initial Class	3	(3)	-	-	-	-
Fidelity® VIP Mid Cap Service Class 2	556,449	(1,056,086)	(499,637)	645,761	869,393	1,515,153
Fidelity® VIP Value Strategies Initial Class	1,735	(3)	1,732	3	(3)	-
Fidelity® VIP Value Strategies Service Class 2	236,011	1,557,738	1,793,749	353,672	(62,913)	290,759
Franklin Income Securities Class 2 Shares	-	(1,246,997)	(1,246,997)	3,609,480	1,595,849	5,205,329
Franklin Mutual Shares Securities Class 2 Shares	-	(70,867)	(70,867)	-	(313,385)	(313,385)
Franklin Templeton Foreign Securities Class 2 Shares	-	(451,771)	(451,771)	958,425	30,040	988,465
Franklin Templeton VIP Founding Funds Allocation Class 4 Shares	8	(365,811)	(365,803)	297,688	(55,980)	241,708
GE Investments Total Return Class 3 Shares	64,995	(54,367)	10,628	354,013	109,056	463,070
Invesco V.I. American Franchise Series II Shares	-	(1,115)	(1,115)	14	131,288	131,302
Invesco V.I. Value Opportunities Series II Shares	-	(4,612)	(4,612)	626	(285,179)	(284,552)
Janus Aspen - Enterprise Service Shares	-	(4,390)	(4,390)	-	(83,095)	(83,095)
Janus Aspen - Global Research Service Shares	-	(50,358)	(50,358)	1,712	(243,684)	(241,972)

3. Change in Units (continued)

	Year Ended December 31, 2013			Year Ended December 31, 2012		
Subaccount	Units Purchased	Units Redeemed and Transferred to/from	Net Increase (Decrease)	Units Purchased	Units Redeemed and Transferred to/from	Net Increase (Decrease)
Janus Aspen - Perkins Mid Cap Value Service Shares	-	(36)	(36)	-	(37)	(37)
JPMorgan Insurance Trust Core Bond Class 1 Shares	-	(94,891)	(94,891)	-	(56,109)	(56,109)
JPMorgan Insurance Trust International Equity Class 1 Shares	118,050	(18,844)	99,206	52,022	(104,582)	(52,560)
JPMorgan Insurance Trust Mid Cap Value Class 1 Shares	-	(3)	(3)	-	(4)	(4)
JPMorgan Insurance Trust Small Cap Core Class 1 Shares	-	(4,340)	(4,340)	-	(57)	(57)
JPMorgan Insurance Trust U.S. Equity Class 1 Shares	-	(288)	(288)	-	(304)	(304)
MFS® New Discovery Service Class	-	(479,665)	(479,665)	1,190,820	682,782	1,873,601
MFS® Total Return Service Class	-	(122,152)	(122,152)	-	(393,774)	(393,774)
TA Aegon High Yield Bond Initial Class	2,222	(26,164)	(23,942)	5	1,501	1,506
TA Aegon High Yield Bond Service Class	351,641	264,404	616,045	707,411	(234,022)	473,390
TA Aegon Money Market Initial Class	-	(55,632)	(55,632)	-	145,678	145,678
TA Aegon Money Market Service Class	27,623,164	(21,764,812)	5,858,352	30,600,145	(31,077,983)	(477,839)
TA Aegon Tactical Vanguard ETF - Balanced Service Class	12,579,500	5,700,177	18,279,677	10,515,884	1,632,956	12,148,840
TA Aegon Tactical Vanguard ETF - Conservative Service Class	3,117,428	(347,283)	2,770,145	5,071,356	407,765	5,479,121
TA Aegon Tactical Vanguard ETF - Growth Service Class	5,868,789	1,691,995	7,560,784	5,442,915	1,189,368	6,632,283
TA Aegon U.S. Government Securities Initial Class	-	(18,248)	(18,248)	-	(111,082)	(111,082)
TA Aegon U.S. Government Securities Service Class	30,164,720	(38,020,927)	(7,856,207)	39,413,573	(38,945,992)	467,581
TA AllianceBernstein Dynamic Allocation Initial Class	382	782	1,164	-	2,149	2,149
TA AllianceBernstein Dynamic Allocation Service Class	1,601,979	(714,944)	887,035	2,491,266	(319,588)	2,171,678
TA Asset Allocation - Conservative Initial Class	-	(31,599)	(31,599)	-	(38,938)	(38,938)
TA Asset Allocation - Conservative Service Class	4,358,815	(2,255,964)	2,102,851	8,258,805	(1,189,300)	7,069,506
TA Asset Allocation - Growth Initial Class	-	38,039	38,039	-	(4,447)	(4,447)
TA Asset Allocation - Growth Service Class	623,706	132,548	756,254	639,085	(145,944)	493,141
TA Asset Allocation - Moderate Initial Class	-	(9,878)	(9,878)	-	(42,950)	(42,950)
TA Asset Allocation - Moderate Service Class	21,249,529	(1,667,695)	19,581,834	30,244,414	2,800,558	33,044,972
TA Asset Allocation - Moderate Growth Initial Class	-	(60,610)	(60,610)	-	(34,123)	(34,123)
TA Asset Allocation - Moderate Growth Service Class	6,926,911	(3,888,511)	3,038,400	7,508,197	(245,100)	7,263,096

3. Change in Units (continued)

	Year Ended December 31, 2013			Year Ended December 31, 2012		
Subaccount	Units Purchased	Units Redeemed and Transferred to/from	Net Increase (Decrease)	Units Purchased	Units Redeemed and Transferred to/from	Net Increase (Decrease)
TA Barrow Hanley Dividend Focused Initial Class	5	(327,413)	(327,408)	2,235	(221,278)	(219,043)
TA Barrow Hanley Dividend Focused Service Class	235,914	(3,381,213)	(3,145,299)	2,979,260	(28,405)	2,950,856
TA BlackRock Global Allocation Service Class	1,695,994	18,566	1,714,560	3,566,161	397,502	3,963,664
TA BlackRock Tactical Allocation Service Class	8,443,088	388,504	8,831,592	11,902,358	2,484,384	14,386,743
TA BNP Paribas Large Cap Growth Initial Class	1,042	(102,269)	(101,227)	604	(147,348)	(146,743)
TA BNP Paribas Large Cap Growth Service Class	334,366	266,262	600,628	453,587	2,122,978	2,576,564
TA Clarion Global Real Estate Securities Initial Class	5	(310)	(305)	5	(22)	(17)
TA Clarion Global Real Estate Securities Service Class	413,761	69,269	483,030	412,014	115,075	527,089
TA Hanlon Income Service Class	409,297	(1,195,847)	(786,550)	456,668	(480,091)	(23,423)
TA ING Balanced Allocation Service Class	1,513	(15)	1,498	-	-	-
TA ING Conservative Allocation Service Class	1,567	(15)	1,552	-	-	-
TA ING Intermediate Bond Service Class	15	(15)	-	-	-	-
TA ING Large Cap Growth Service Class	15	(15)	-	-	-	-
TA ING Limited Maturity Bond Service Class	4,726	(15)	4,711	-	-	-
TA ING Mid Cap Opportunities Service Class	15	(15)	-	-	-	-
TA ING Moderate Growth Allocation Service Class	15	(15)	-	-	-	-
TA International Moderate Growth Service Class	3,735,489	(374,317)	3,361,172	3,600,207	714,938	4,315,145
TA Janus Balanced Service Class	2,910,477	2,582,206	5,492,683	1,674,208	494,130	2,168,339
TA Jennison Growth Initial Class	5	(280,587)	(280,582)	4,706	(400,438)	(395,733)
TA Jennison Growth Service Class	300,431	122,693	423,124	2,547,383	(306,220)	2,241,163
TA JPMorgan Core Bond Service Class	1,425,009	(236,262)	1,188,747	1,623,159	1,217,132	2,840,292
TA JPMorgan Enhanced Index Initial Class	187	(16,476)	(16,289)	5	(128,299)	(128,294)
TA JPMorgan Enhanced Index Service Class	16,386	55,973	72,359	52,590	(6,862)	45,728
TA JPMorgan Mid Cap Value Service Class	780,109	(225,688)	554,421	1,946,213	923,840	2,870,053
TA JPMorgan Tactical Allocation Service Class	5,429,382	223,743	5,653,125	9,424,845	2,035,922	11,460,767
TA Legg Mason Dynamic Allocation - Balanced Service Class	6,409,690	3,001,418	9,411,108	3,285,366	1,322,755	4,608,121
TA Legg Mason Dynamic Allocation - Growth Service Class	5,137,363	1,362,850	6,500,213	2,601,090	187,474	2,788,563

3. Change in Units (continued)

	Year Ended December 31, 2013			Year Ended December 31, 2012		
Subaccount	**Units Purchased**	**Units Redeemed and Transferred to/from**	**Net Increase (Decrease)**	**Units Purchased**	**Units Redeemed and Transferred to/from**	**Net Increase (Decrease)**
TA Market Participation Strategy Service Class	2,647,160	1,498,622	4,145,782	664,515	63,546	728,061
TA MFS International Equity Initial Class	5	(16)	(11)	5	(982)	(977)
TA MFS International Equity Service Class	107,627	104,161	211,788	279,792	(15,476)	264,316
TA Morgan Stanley Capital Growth Initial Class	-	(39)	(39)	-	(41)	(41)
TA Morgan Stanley Capital Growth Service Class	44,097	(9,387)	34,710	88,865	(148,657)	(59,792)
TA Morgan Stanley Mid-Cap Growth Initial Class	5	(1,685)	(1,680)	5	(44,243)	(44,238)
TA Morgan Stanley Mid-Cap Growth Service Class	457,591	(882,176)	(424,585)	219,589	(272,896)	(53,307)
TA Multi-Managed Balanced Initial Class	-	-	-	-	23,192	23,192
TA Multi-Managed Balanced Service Class	82,731	744,190	826,921	154,574	72,989	227,563
TA Multi-Manager Alt Strategies Service Class	613	(15)	598	-	-	-
TA PIMCO Real Return TIPS Service Class	3,444,550	(3,950,544)	(505,994)	6,641,381	3,012,204	9,653,585
TA PIMCO Tactical - Balanced Service Class	4,892,328	863,857	5,756,185	2,165,435	(82,721)	2,082,714
TA PIMCO Tactical - Conservative Service Class	1,614,080	(18,095)	1,595,985	914,882	(39,386)	875,496
TA PIMCO Tactical - Growth Service Class	2,307,166	1,029,173	3,336,339	1,134,314	(13,446)	1,120,868
TA PIMCO Total Return Initial Class	-	(73,356)	(73,356)	-	(173,865)	(173,865)
TA PIMCO Total Return Service Class	9,998,838	(8,272,405)	1,726,433	18,133,226	2,511,599	20,644,825
TA ProFunds UltraBear Service Class (OAM)	108,821	(14,323,998)	(14,215,177)	3	(490,351)	(490,348)
TA Systematic Small/Mid Cap Value Initial Class	59	(74,173)	(74,114)	5	(122,351)	(122,346)
TA Systematic Small/Mid Cap Value Service Class	342,289	(79,612)	262,677	526,834	144,274	671,108
TA T. Rowe Price Small Cap Initial Class	5	(18,552)	(18,547)	5	(2,102)	(2,097)
TA T. Rowe Price Small Cap Service Class	809,612	(168,856)	640,756	1,785,002	957,894	2,742,896
TA TS&W International Equity Initial Class	1,282	(97,675)	(96,393)	1,896	(101,106)	(99,210)
TA TS&W International Equity Service Class	35,727	108,203	143,930	150,068	(156,176)	(6,108)
TA Vanguard ETF - Aggressive Growth Service Class	3,139,356	121,430	3,260,786	1,885,371	370,355	2,255,726
TA Vanguard ETF - Balanced Service Class	31,595,607	5,516,227	37,111,834	31,931,482	5,642,222	37,573,704
TA Vanguard ETF - Conservative Service Class	8,528,314	(5,516,253)	3,012,061	10,990,554	577,387	11,567,941
TA Vanguard ETF - Growth Service Class	22,108,374	21,089,993	43,198,367	15,919,765	6,278,978	22,198,743

3. Change in Units (continued)

	Year Ended December 31, 2013			Year Ended December 31, 2012		
Subaccount	Units Purchased	Units Redeemed and Transferred to/from	Net Increase (Decrease)	Units Purchased	Units Redeemed and Transferred to/from	Net Increase (Decrease)
TA WMC Diversified Growth Initial Class	4,023	(416,906)	(412,883)	17,626	(590,457)	(572,831)
TA WMC Diversified Growth Service Class	237,957	(41,023)	196,934	141,577	(41,394)	100,183
Vanguard® Equity Index	3	(3)	-	-	-	-
Vanguard® International	3	(3)	-	-	-	-
Vanguard® Mid-Cap Index	3	(3)	-	-	-	-
Vanguard® REIT Index	3	(3)	-	-	-	-
Vanguard® Short-Term Investment Grade	3	(3)	-	-	-	-
Vanguard® Total Bond Market Index	3	(3)	-	-	-	-
Wanger International	3	(3)	-	-	-	-
Wanger USA	3	(3)	-	-	-	-

4. Financial Highlights

The Separate Account offers various death benefit options, which have differing fees that are charged against the contract owner's account balance. These charges are discussed in more detail in the individual's policy. Differences in the fee structures for these units result in different unit values, expense ratios, and total returns.

Subaccount	Year Ended	Units	Unit Fair Value Corresponding to Lowest to Highest Expense Ratio			Net Assets	Investment Income Ratio*	Expense Ratio** Lowest to Highest			Total Return*** Corresponding to Lowest to Highest Expense Ratio		
AllianceBernstein Balanced Wealth Strategy Class B Shares													
	12/31/2013	2,238,170	$1.66	to	$1.60	$ 3,726,476	2.34 %	1.35 %	to	2.15 %	14.72 %	to	13.83 %
	12/31/2012	2,041,079	1.03	to	1.40	2,914,759	1.93	0.65	to	2.15	11.86	to	10.98
	12/31/2011	1,832,858	1.30	to	1.26	2,349,882	2.06	1.35	to	2.15	(4.34)	to	(5.09)
	12/31/2010	1,063,584	1.35	to	1.33	1,430,786	2.15	1.35	to	2.15	8.83	to	7.98
	12/31/2009	193,224	1.24	to	1.23	239,530	0.76	1.35	to	2.15	22.79	to	21.83
AllianceBernstein Growth and Income Class B Shares													
	12/31/2013	4,585,573	1.48	to	1.69	8,677,657	1.08	1.15	to	1.95	33.06	to	32.02
	12/31/2012	3,598,175	1.11	to	1.28	4,938,122	1.85	1.15	to	1.95	15.90	to	14.99
	12/31/2011	849,814	0.96	to	1.11	923,992	1.08	1.15	to	1.95	4.87	to	4.05
	12/31/2010	649,937	0.91	to	1.07	705,541	-	1.15	to	1.95	11.52	to	10.64
	12/31/2009	169,007	0.82	to	0.97	151,850	3.59	1.15	to	1.95	18.98	to	18.05
AllianceBernstein Large Cap Growth Class B Shares													
	12/31/2013	327,977	1.62	to	1.64	527,598	-	1.15	to	1.95	35.44	to	34.38
	12/31/2012	398,027	1.20	to	1.22	474,803	0.03	1.15	to	1.95	15.37	to	14.46
	12/31/2011	460,120	1.04	to	1.06	477,122	0.09	1.15	to	1.95	(4.85)	to	(5.59)
	12/31/2010	383,381	1.09	to	1.13	418,744	0.22	1.15	to	1.95	8.58	to	7.73
	12/31/2009	82,730	1.00	to	1.05	82,870	-	1.15	to	1.95	35.55	to	34.48
American Funds - Asset Allocation Class 2 Shares													
	12/31/2013	14,533,866	1.56	to	1.51	23,115,662	1.60	1.45	to	2.25	21.92	to	20.97
	12/31/2012	11,140,953	1.08	to	1.25	14,119,666	2.12	0.75	to	2.25	14.52	to	13.62
	12/31/2011	8,787,782	1.12	to	1.10	9,751,221	2.40	1.45	to	2.25	(0.15)	to	(0.93)
	12/31/2010	3,728,910	1.12	to	1.11	4,152,792	3.79	1.45	to	2.25	10.90	to	10.03
	12/31/2009(1)	9,854	1.01	to	1.01	9,937	-	1.45	to	2.25	0.86	to	0.76
American Funds - Bond Class 2 Shares													
	12/31/2013	4,887,114	1.09	to	1.06	6,408,763	2.12	1.45	to	2.25	(3.56)	to	(4.31)
	12/31/2012	3,780,187	1.08	to	1.11	4,240,313	2.90	0.75	to	2.25	3.86	to	3.04
	12/31/2011	2,203,868	1.09	to	1.07	2,387,530	4.18	1.45	to	2.25	4.59	to	3.78
	12/31/2010	796,904	1.04	to	1.03	828,714	5.70	1.45	to	2.25	4.92	to	4.10
	12/31/2009(1)	9,976	0.99	to	0.99	9,917	-	1.45	to	2.25	(0.57)	to	(0.66)
American Funds - Growth Class 2 Shares													
	12/31/2013	3,642,635	1.65	to	1.60	7,965,095	1.11	1.45	to	2.25	28.24	to	27.24
	12/31/2012	2,131,151	1.02	to	1.26	2,708,329	0.82	0.75	to	2.25	16.20	to	15.28
	12/31/2011	1,947,981	1.11	to	1.09	2,137,991	0.73	1.45	to	2.25	(5.64)	to	(6.38)
	12/31/2010	1,052,397	1.17	to	1.16	1,228,641	1.07	1.45	to	2.25	16.99	to	16.07
	12/31/2009(1)	414,714	1.00	to	1.00	415,805	-	1.45	to	2.25	0.34	to	0.25
American Funds - Growth-Income Class 2 Shares													
	12/31/2013	4,007,265	1.63	to	1.58	8,516,932	1.93	1.45	to	2.25	31.59	to	30.56
	12/31/2012	1,453,518	1.06	to	1.21	1,779,957	2.21	0.75	to	2.25	15.80	to	14.88
	12/31/2011	607,079	1.07	to	1.05	646,432	1.94	1.45	to	2.25	(3.23)	to	(3.99)
	12/31/2010	306,031	1.11	to	1.10	337,813	3.18	1.45	to	2.25	9.83	to	8.98
	12/31/2009(1)	10,538	1.01	to	1.01	10,629	-	1.45	to	2.25	0.88	to	0.79
American Funds - International Class 2 Shares													
	12/31/2013	8,123,217	1.23	to	1.19	11,020,474	1.64	1.45	to	2.25	19.90	to	18.96
	12/31/2012	3,947,848	0.91	to	1.00	3,992,382	1.87	0.75	to	2.25	16.21	to	15.30
	12/31/2011	1,832,881	0.88	to	0.86	1,602,932	3.35	1.45	to	2.25	(15.19)	to	(15.86)
	12/31/2010	327,443	1.04	to	1.03	338,201	4.05	1.45	to	2.25	5.70	to	4.88
	12/31/2009(1)	10,245	0.98	to	0.98	10,048	-	1.45	to	2.25	(1.91)	to	(2.00)

4. Financial Highlights (continued)

Subaccount	Year Ended	Units	Unit Fair Value Corresponding to Lowest to Highest Expense Ratio			Net Assets	Investment Income Ratio*	Expense Ratio** Lowest to Highest			Total Return*** Corresponding to Lowest to Highest Expense Ratio		
Fidelity® VIP Balanced Service Class 2													
	12/31/2013	9,648,516	$1.35	to	$1.29	$ 13,499,758	1.39 %	1.15 %	to	1.95 %	17.93 %	to	17.00 %
	12/31/2012	9,447,576	1.18	to	1.10	10,651,429	1.62	0.45	to	1.95	13.51	to	12.61
	12/31/2011	8,653,714	1.01	to	0.98	8,629,489	1.76	1.15	to	1.95	(4.92)	to	(5.66)
	12/31/2010	4,659,610	1.06	to	1.04	4,910,168	2.02	1.15	to	1.95	16.42	to	15.51
	12/31/2009	2,175,375	0.91	to	0.90	1,974,013	2.94	1.15	to	1.95	36.75	to	35.68
Fidelity® VIP Contrafund® Initial Class													
	12/31/2013(1)	-	12.03	to	12.00	-	-	0.45	to	0.80	-	to	-
Fidelity® VIP Contrafund® Service Class 2													
	12/31/2013	8,210,472	1.57	to	2.01	19,087,033	0.99	1.15	to	1.95	29.46	to	28.45
	12/31/2012	4,107,844	1.22	to	1.57	6,453,894	1.30	1.15	to	1.95	14.81	to	13.91
	12/31/2011	3,006,926	1.06	to	1.38	4,034,494	0.91	1.15	to	1.95	(3.89)	to	(4.64)
	12/31/2010	1,959,118	1.10	to	1.44	2,960,995	1.41	1.15	to	1.95	15.60	to	14.69
	12/31/2009	870,128	0.95	to	1.26	1,169,871	1.47	1.15	to	1.95	33.93	to	32.88
Fidelity® VIP Equity-Income Service Class 2													
	12/31/2013	656,829	1.35	to	1.62	1,096,377	2.20	1.15	to	1.95	26.37	to	25.38
	12/31/2012	807,587	1.06	to	1.30	1,063,363	2.85	1.15	to	1.95	15.72	to	14.81
	12/31/2011	924,559	0.92	to	1.13	1,060,079	2.98	1.15	to	1.95	(0.49)	to	(1.27)
	12/31/2010	498,799	0.92	to	1.14	598,405	2.42	1.15	to	1.95	13.61	to	12.72
	12/31/2009	166,591	0.81	to	1.01	170,436	2.42	1.15	to	1.95	28.41	to	27.40
Fidelity® VIP Growth Service Class 2													
	12/31/2013	483,216	1.65	to	1.61	810,427	0.04	1.15	to	1.95	34.45	to	33.40
	12/31/2012	535,630	1.23	to	1.20	677,785	0.34	1.15	to	1.95	13.10	to	12.20
	12/31/2011	679,354	1.08	to	1.07	769,250	0.14	1.15	to	1.95	(1.17)	to	(1.94)
	12/31/2010	443,176	1.10	to	1.09	514,608	0.07	1.15	to	1.95	22.45	to	21.50
	12/31/2009	117,657	0.90	to	0.90	97,024	0.40	1.15	to	1.95	26.51	to	25.52
Fidelity® VIP Growth Opportunities Service Class 2													
	12/31/2013	1,420	1.61	to	1.21	1,753	0.07	1.25	to	1.55	35.84	to	35.44
	12/31/2012	1,465	1.18	to	0.89	1,333	0.16	1.25	to	1.55	17.84	to	17.49
	12/31/2011	1,513	1.00	to	0.76	1,170	-	1.25	to	1.55	0.71	to	0.42
	12/31/2010	1,562	1.00	to	0.76	1,201	-	1.25	to	1.55	21.95	to	21.59
	12/31/2009	1,610	0.82	to	0.62	1,016	0.10	1.25	to	1.55	43.67	to	43.24
Fidelity® VIP Mid Cap Initial Class													
	12/31/2013(1)	-	12.45	to	12.42	-	-	0.45	to	0.80	-	to	-
Fidelity® VIP Mid Cap Service Class 2													
	12/31/2013	2,403,396	1.71	to	2.53	6,821,182	0.32	1.15	to	1.95	34.33	to	33.27
	12/31/2012	2,903,033	1.27	to	1.90	6,046,828	0.55	1.15	to	1.95	13.25	to	12.36
	12/31/2011	1,387,879	1.12	to	1.69	2,437,002	0.03	1.15	to	1.95	(11.86)	to	(12.56)
	12/31/2010	894,585	1.27	to	1.93	2,022,548	0.16	1.15	to	1.95	27.11	to	26.11
	12/31/2009	556,926	1.00	to	1.53	1,047,132	0.48	1.15	to	1.95	38.16	to	37.08
Fidelity® VIP Value Strategies Initial Class													
	12/31/2013(1)	1,732	11.82	to	11.79	20,474	2.62	0.45	to	0.80	-	to	-
Fidelity® VIP Value Strategies Service Class 2													
	12/31/2013	2,915,192	$1.60	to	$1.73	6,891,567	0.78	1.15	to	1.95	28.70	to	27.69
	12/31/2012	1,121,443	1.24	to	1.36	1,912,777	0.44	1.15	to	1.95	25.61	to	24.62
	12/31/2011	830,684	0.99	to	1.09	1,092,846	0.97	1.15	to	1.95	(10.07)	to	(10.78)
	12/31/2010	434,621	1.10	to	1.22	654,820	0.47	1.15	to	1.95	24.90	to	23.92
	12/31/2009	169,619	0.88	to	0.99	205,244	0.52	1.15	to	1.95	55.36	to	54.15

4. Financial Highlights (continued)

Subaccount	Year Ended	Units	Unit Fair Value Corresponding to Lowest to Highest Expense Ratio			Net Assets	Investment Income Ratio*	Expense Ratio** Lowest to Highest			Total Return*** Corresponding to Lowest to Highest Expense Ratio		
Franklin Income Securities Class 2 Shares													
	12/31/2013	8,086,472	$1.28	to	$1.22	$ 10,231,022	6.42 %	1.15 %	to	1.95 %	12.65 %	to	11.76 %
	12/31/2012	9,333,469	1.14	to	1.09	10,518,336	6.22	1.15	to	1.95	11.37	to	10.49
	12/31/2011	4,128,140	1.02	to	0.98	4,237,498	5.40	1.15	to	1.95	1.22	to	0.43
	12/31/2010	1,654,396	1.01	to	0.98	1,685,641	5.53	1.15	to	1.95	11.39	to	10.52
	12/31/2009	854,598	0.91	to	0.89	775,324	6.81	1.15	to	1.95	34.05	to	33.00
Franklin Mutual Shares Securities Class 2 Shares													
	12/31/2013	785,500	1.15	to	1.09	918,292	2.07	1.15	to	1.95	26.80	to	25.81
	12/31/2012	856,367	0.91	to	0.87	790,683	2.00	1.15	to	1.95	12.94	to	12.05
	12/31/2011	1,169,752	0.80	to	0.78	969,357	2.59	1.15	to	1.95	(2.16)	to	(2.93)
	12/31/2010	879,636	0.82	to	0.80	728,989	1.68	1.15	to	1.95	9.93	to	9.07
	12/31/2009	494,094	0.75	to	0.73	374,156	1.94	1.15	to	1.95	24.62	to	23.64
Franklin Templeton Foreign Securities Class 2 Shares													
	12/31/2013	2,585,791	1.15	to	1.09	2,954,460	2.48	1.15	to	1.95	21.57	to	20.62
	12/31/2012	3,037,562	0.95	to	0.91	2,859,834	2.77	1.15	to	1.95	16.88	to	15.96
	12/31/2011	2,049,097	0.81	to	0.78	1,659,813	1.84	1.15	to	1.95	(11.65)	to	(12.34)
	12/31/2010	1,112,507	0.92	to	0.89	1,015,979	1.59	1.15	to	1.95	7.18	to	6.33
	12/31/2009	425,275	0.86	to	0.84	362,281	1.92	1.15	to	1.95	35.48	to	34.42
Franklin Templeton VIP Founding Funds Allocation Class 4 Shares													
	12/31/2013	3,023,911	1.87	to	1.79	5,542,251	10.58	1.30	to	2.10	22.09	to	21.14
	12/31/2012	3,389,714	1.03	to	1.48	5,106,586	2.60	0.60	to	2.10	13.69	to	12.79
	12/31/2011	3,148,006	1.34	to	1.31	4,188,097	0.02	1.30	to	2.10	(2.93)	to	(3.69)
	12/31/2010	2,413,126	1.38	to	1.36	3,316,791	2.96	1.30	to	2.10	8.83	to	7.97
	12/31/2009	680,313	1.27	to	1.26	862,527	5.68	1.30	to	2.10	28.39	to	27.39
GE Investments Total Return Class 3 Shares													
	12/31/2013	1,490,526	1.30	to	1.26	1,940,897	1.30	1.35	to	2.15	13.11	to	12.23
	12/31/2012	1,479,898	1.02	to	1.12	1,683,942	1.64	0.65	to	2.15	10.75	to	9.88
	12/31/2011	1,016,829	1.04	to	1.02	1,046,926	2.28	1.35	to	2.15	(4.39)	to	(5.13)
	12/31/2010	304,546	1.08	to	1.07	328,543	2.31	1.35	to	2.15	7.91	to	7.06
	12/31/2009(1)	-	1.00	to	1.00	-	-	1.35	to	2.15	0.42	to	0.33
Invesco V.I. American Franchise Series II Shares													
	12/31/2013	130,187	1.33	to	1.32	172,729	0.25	1.15	to	1.95	38.21	to	37.12
	12/31/2012(1)	131,302	0.97	to	0.96	126,490	-	1.15	to	1.95	-	to	-
Invesco V.I. Value Opportunities Series II Shares													
	12/31/2013	312,482	1.20	to	1.35	406,761	1.23	1.15	to	1.95	31.76	to	30.72
	12/31/2012	317,094	0.91	to	1.03	314,505	1.10	1.15	to	1.95	16.31	to	15.39
	12/31/2011	601,647	0.79	to	0.90	522,013	0.79	1.15	to	1.95	(4.49)	to	(5.24)
	12/31/2010	300,783	0.82	to	0.95	296,511	0.41	1.15	to	1.95	5.73	to	4.90
	12/31/2009	130,431	0.78	to	0.90	125,132	3.56	1.15	to	1.95	46.06	to	44.91
Janus Aspen - Enterprise Service Shares													
	12/31/2013	128,083	1.96	to	2.43	288,077	0.37	1.15	to	1.95	30.54	to	29.51
	12/31/2012	132,473	1.50	to	1.88	229,592	-	1.15	to	1.95	15.65	to	14.74
	12/31/2011	215,568	1.30	to	1.64	317,350	-	1.15	to	1.95	(2.77)	to	(3.53)
	12/31/2010	116,607	1.34	to	1.70	201,560	-	1.15	to	1.95	24.09	to	23.12
	12/31/2009	60,547	1.08	to	1.38	73,930	-	1.15	to	1.95	42.80	to	41.68
Janus Aspen - Global Research Service Shares													
	12/31/2013	385,899	$1.39	to	$1.43	499,421	1.06	1.15	to	1.95	26.62	to	25.63
	12/31/2012	436,257	1.10	to	1.14	447,699	0.76	1.15	to	1.95	18.49	to	17.56
	12/31/2011	678,229	0.93	to	0.97	585,812	0.67	1.15	to	1.95	(14.96)	to	(15.63)
	12/31/2010	267,866	1.09	to	1.15	277,163	0.48	1.15	to	1.95	14.21	to	13.31
	12/31/2009	179,912	0.96	to	1.01	152,081	1.39	1.15	to	1.95	35.84	to	34.77

4. Financial Highlights (continued)

Subaccount	Year Ended	Units	Unit Fair Value Corresponding to Lowest to Highest Expense Ratio			Net Assets	Investment Income Ratio*	Expense Ratio** Lowest to Highest			Total Return*** Corresponding to Lowest to Highest Expense Ratio		
Janus Aspen - Perkins Mid Cap Value Service Shares													
	12/31/2013	1,111	$2.02	to	$1.94	$ 2,193	1.15 %	1.25 %	to	1.55 %	24.26 %	to	23.89 %
	12/31/2012	1,147	1.62	to	1.56	1,823	0.85	1.25	to	1.55	9.42	to	9.09
	12/31/2011	1,184	1.48	to	1.43	1,723	0.59	1.25	to	1.55	(4.18)	to	(4.46)
	12/31/2010	1,222	1.55	to	1.50	1,859	0.51	1.25	to	1.55	13.94	to	13.60
	12/31/2009	1,259	1.36	to	1.32	1,684	0.24	1.25	to	1.55	31.28	to	30.89
JPMorgan Insurance Trust Core Bond Class 1 Shares													
	12/31/2013	596,681	1.22	to	1.18	721,721	4.73	1.25	to	1.95	(2.69)	to	(3.35)
	12/31/2012	691,572	1.26	to	1.22	861,359	4.47	1.25	to	1.95	4.02	to	3.31
	12/31/2011	747,681	1.21	to	1.18	897,272	6.51	1.25	to	1.95	6.13	to	5.41
	12/31/2010	900,960	1.14	to	1.12	1,020,731	3.21	1.25	to	1.95	7.89	to	7.15
	12/31/2009(1)	297,919	1.05	to	1.05	313,734	-	1.25	to	1.95	5.38	to	4.88
JPMorgan Insurance Trust International Equity Class 1 Shares													
	12/31/2013	438,346	1.79	to	1.74	780,765	1.92	1.25	to	1.95	14.03	to	13.25
	12/31/2012	339,140	1.57	to	1.53	530,677	2.06	1.25	to	1.95	19.56	to	18.73
	12/31/2011	391,700	1.31	to	1.29	513,063	1.65	1.25	to	1.95	(12.54)	to	(13.14)
	12/31/2010	192,540	1.50	to	1.49	288,899	0.25	1.25	to	1.95	5.84	to	5.11
	12/31/2009(1)	71,787	1.42	to	1.41	101,846	-	1.25	to	1.95	42.02	to	41.36
JPMorgan Insurance Trust Mid Cap Value Class 1 Shares													
	12/31/2013	52,141	2.51	to	2.43	130,801	1.02	1.25	to	1.95	30.67	to	29.77
	12/31/2012	52,144	1.92	to	1.87	100,145	1.04	1.25	to	1.95	18.88	to	18.06
	12/31/2011	52,148	1.62	to	1.59	84,276	1.29	1.25	to	1.95	0.90	to	0.21
	12/31/2010	52,152	1.60	to	1.58	83,560	1.13	1.25	to	1.95	21.93	to	21.09
	12/31/2009(1)	59,841	1.31	to	1.31	78,654	-	1.25	to	1.95	31.49	to	30.87
JPMorgan Insurance Trust Small Cap Core Class 1 Shares													
	12/31/2013	2,738	2.60	to	2.52	7,070	0.74	1.25	to	1.95	40.54	to	39.58
	12/31/2012	7,078	1.85	to	1.80	13,016	0.20	1.25	to	1.95	18.24	to	17.43
	12/31/2011	7,135	1.56	to	1.53	11,112	0.12	1.25	to	1.95	(5.94)	to	(6.59)
	12/31/2010	7,198	1.66	to	1.64	11,935	-	1.25	to	1.95	25.56	to	24.70
	12/31/2009(1)	7,259	1.32	to	1.32	9,599	-	1.25	to	1.95	32.36	to	31.74
JPMorgan Insurance Trust U.S. Equity Class 1 Shares													
	12/31/2013	26,525	2.30	to	2.23	60,806	1.26	1.25	to	1.95	34.54	to	33.61
	12/31/2012	26,813	1.71	to	1.67	45,715	1.48	1.25	to	1.95	16.19	to	15.38
	12/31/2011	27,117	1.47	to	1.44	39,817	-	1.25	to	1.95	(3.08)	to	(3.74)
	12/31/2010	-	1.52	to	1.50	-	-	1.25	to	1.95	12.17	to	11.41
	12/31/2009(1)	-	1.35	to	1.35	-	-	1.25	to	1.95	35.27	to	34.63
MFS® New Discovery Service Class													
	12/31/2013	2,827,122	2.23	to	2.14	7,243,325	-	1.15	to	1.95	39.61	to	38.52
	12/31/2012	3,306,787	1.60	to	1.54	6,060,367	-	1.15	to	1.95	19.52	to	18.57
	12/31/2011	1,433,185	1.34	to	1.30	2,093,106	-	1.15	to	1.95	(11.51)	to	(12.20)
	12/31/2010	405,273	1.51	to	1.48	709,858	-	1.15	to	1.95	34.40	to	33.34
	12/31/2009	129,310	1.12	to	1.11	175,606	-	1.15	to	1.95	61.07	to	59.81
MFS® Total Return Service Class													
	12/31/2013	1,224,187	1.39	to	1.53	1,903,955	1.64	1.15	to	1.95	17.39	to	16.47
	12/31/2012	1,346,339	1.18	to	1.31	1,788,262	2.48	1.15	to	1.95	9.67	to	8.80
	12/31/2011	1,740,113	1.08	to	1.20	2,082,849	2.55	1.15	to	1.95	0.43	to	(0.35)
	12/31/2010	980,621	1.07	to	1.21	1,211,195	2.16	1.15	to	1.95	8.39	to	7.54
	12/31/2009	505,274	0.99	to	1.12	591,552	1.77	1.15	to	1.95	16.39	to	15.47
TA Aegon High Yield Bond Initial Class													
	12/31/2013	62,132	$1.19	to	$1.70	140,297	5.32	0.45	to	1.90	6.12	to	4.61
	12/31/2012	86,074	1.66	to	1.63	164,087	6.02	0.45	to	1.90	15.91	to	15.17
	12/31/2011	84,568	1.71	to	1.41	139,287	6.70	1.25	to	1.90	3.48	to	2.82
	12/31/2010	130,093	1.65	to	1.37	207,274	13.41	1.25	to	1.90	11.05	to	10.34
	12/31/2009	160,307	1.48	to	1.25	230,299	8.96	1.25	to	1.90	45.42	to	44.49

4. Financial Highlights (continued)

Subaccount	Year Ended	Units	Unit Fair Value Corresponding to Lowest to Highest Expense Ratio			Net Assets	Investment Income Ratio*	Expense Ratio** Lowest to Highest			Total Return*** Corresponding to Lowest to Highest Expense Ratio		
TA Aegon High Yield Bond Service Class													
	12/31/2013	2,593,445	$1.60	to	$1.70	$ 4,808,613	5.98 %	1.15 %	to	1.95 %	5.12 %	to	4.29 %
	12/31/2012	1,977,400	1.52	to	1.63	3,311,088	5.53	1.15	to	1.95	15.76	to	14.85
	12/31/2011	1,504,010	1.32	to	1.42	2,147,896	8.13	1.15	to	1.95	3.35	to	2.54
	12/31/2010	622,537	1.27	to	1.38	865,235	15.88	1.15	to	1.95	10.89	to	10.02
	12/31/2009	202,905	1.15	to	1.26	250,953	7.61	1.15	to	1.95	45.19	to	44.05
TA Aegon Money Market Initial Class													
	12/31/2013	268,180	1.04	to	0.97	371,427	0.01	1.25	to	1.90	(1.23)	to	(1.86)
	12/31/2012	323,812	1.05	to	0.99	454,737	0.01	1.25	to	1.90	(1.24)	to	(1.87)
	12/31/2011	178,134	1.07	to	1.01	253,669	0.01	1.25	to	1.90	(1.22)	to	(1.85)
	12/31/2010	253,203	1.08	to	1.03	365,583	0.01	1.25	to	1.90	(1.23)	to	(1.86)
	12/31/2009	276,140	1.09	to	1.05	404,257	0.16	1.25	to	1.90	(1.10)	to	(1.74)
TA Aegon Money Market Service Class													
	12/31/2013	19,530,196	0.99	to	0.95	41,003,054	0.01	0.45	to	1.95	(0.44)	to	(1.91)
	12/31/2012	13,671,844	1.00	to	0.97	13,803,900	0.01	0.45	to	1.95	(0.99)	to	(1.92)
	12/31/2011	14,149,682	0.97	to	0.99	14,467,349	0.01	1.00	to	1.95	(0.98)	to	(1.90)
	12/31/2010	4,752,198	0.98	to	1.01	4,935,384	0.00	1.00	to	1.95	(0.99)	to	(1.91)
	12/31/2009	2,926,377	0.99	to	1.03	3,091,013	0.03	1.00	to	1.95	(0.98)	to	(1.90)
TA Aegon Tactical Vanguard ETF - Balanced Service Class													
	12/31/2013	31,068,876	1.16	to	1.11	56,227,242	0.61	0.45	to	1.95	10.62	to	8.99
	12/31/2012	12,789,199	1.05	to	1.02	13,133,992	0.16	0.45	to	1.95	7.22	to	6.22
	12/31/2011(1)	640,359	0.96	to	0.96	616,270	-	1.00	to	1.95	-	to	-
TA Aegon Tactical Vanguard ETF - Conservative Service Class													
	12/31/2013	12,761,034	1.11	to	1.08	17,995,165	1.18	0.45	to	1.95	6.59	to	5.02
	12/31/2012	9,990,889	1.05	to	1.02	10,318,056	0.42	0.45	to	1.95	5.72	to	4.73
	12/31/2011(1)	4,511,768	0.98	to	0.98	4,424,846	-	1.00	to	1.95	-	to	-
TA Aegon Tactical Vanguard ETF - Growth Service Class													
	12/31/2013	16,804,541	1.23	to	1.14	30,703,256	0.93	0.45	to	1.95	15.98	to	14.28
	12/31/2012	9,243,757	1.06	to	1.00	9,309,067	0.75	0.45	to	1.95	9.85	to	8.82
	12/31/2011(1)	2,611,474	0.92	to	0.92	2,402,550	-	1.00	to	1.95	-	to	-
TA Aegon U.S. Government Securities Initial Class													
	12/31/2013	200,641	1.43	to	1.26	392,878	2.33	1.25	to	1.90	(3.44)	to	(4.06)
	12/31/2012	218,889	1.48	to	1.31	444,550	1.63	1.25	to	1.90	3.84	to	3.17
	12/31/2011	329,971	1.43	to	1.27	646,341	2.72	1.25	to	1.90	6.28	to	5.61
	12/31/2010	377,384	1.34	to	1.20	696,553	3.38	1.25	to	1.90	3.11	to	2.46
	12/31/2009	538,219	1.30	to	1.17	964,838	2.32	1.25	to	1.90	3.18	to	2.52
TA Aegon U.S. Government Securities Service Class													
	12/31/2013	14,372,501	1.00	to	1.20	26,764,225	2.26	0.45	to	1.95	(2.92)	to	(4.35)
	12/31/2012	22,228,708	1.25	to	1.27	28,835,995	1.70	0.45	to	1.95	3.82	to	2.85
	12/31/2011	21,761,127	1.18	to	1.24	27,198,337	2.41	1.00	to	1.95	6.23	to	5.24
	12/31/2010	11,864,867	1.11	to	1.18	14,065,032	3.56	1.00	to	1.95	3.19	to	2.23
	12/31/2009	6,147,472	1.08	to	1.15	7,139,588	2.05	1.00	to	1.95	3.16	to	2.20
TA AllianceBernstein Dynamic Allocation Initial Class													
	12/31/2013	41,058	1.62	to	1.32	65,291	1.17	1.25	to	1.90	5.86	to	5.19
	12/31/2012	39,894	1.53	to	1.26	60,017	0.85	1.25	to	1.90	4.82	to	4.15
	12/31/2011	37,745	1.46	to	1.21	54,251	0.80	1.25	to	1.90	0.56	to	(0.08)
	12/31/2010	38,368	1.45	to	1.21	54,921	7.88	1.25	to	1.90	7.94	to	7.25
	12/31/2009	11,822	1.34	to	1.13	15,700	4.05	1.25	to	1.90	29.68	to	28.85
TA AllianceBernstein Dynamic Allocation Service Class													
	12/31/2013	10,720,245	1.10	to	1.33	15,864,132	1.00	0.45	to	1.95	6.41	to	4.84
	12/31/2012	9,833,210	1.12	to	1.27	12,209,061	0.75	0.45	to	1.95	4.59	to	3.76
	12/31/2011	7,661,532	1.10	to	1.23	9,065,437	0.98	1.15	to	1.95	0.51	to	(0.28)
	12/31/2010	1,524,235	1.09	to	1.23	1,880,199	4.57	1.15	to	1.95	7.91	to	7.06
	12/31/2009	218,958	1.01	to	1.15	276,657	3.51	1.15	to	1.95	29.67	to	28.66

4. Financial Highlights (continued)

Subaccount	Year Ended	Units	Unit Fair Value Corresponding to Lowest to Highest Expense Ratio	Net Assets	Investment Income Ratio*	Expense Ratio** Lowest to Highest	Total Return*** Corresponding to Lowest to Highest Expense Ratio
TA Asset Allocation - Conservative Initial Class							
	12/31/2013	35,716	$1.68 to $1.43	$ 58,894	3.68 %	1.25 % to 1.90 %	8.02 % to 7.33 %
	12/31/2012	67,315	1.55 to 1.34	102,912	3.41	1.25 to 1.90	6.13 to 5.45
	12/31/2011	106,253	1.46 to 1.27	153,293	2.57	1.25 to 1.90	1.39 to 0.75
	12/31/2010	130,759	1.44 to 1.26	186,335	3.23	1.25 to 1.90	7.59 to 6.90
	12/31/2009	137,937	1.34 to 1.18	182,973	2.49	1.25 to 1.90	23.68 to 22.89
TA Asset Allocation - Conservative Service Class							
	12/31/2013	33,312,344	1.13 to 1.45	54,439,830	3.05	0.45 to 1.95	8.60 to 7.00
	12/31/2012	31,209,493	1.04 to 1.35	43,570,834	3.07	0.45 to 1.95	5.97 to 5.14
	12/31/2011	24,139,988	1.15 to 1.28	31,687,943	2.65	1.15 to 1.95	1.20 to 0.40
	12/31/2010	15,061,377	1.14 to 1.28	19,880,010	3.27	1.15 to 1.95	7.47 to 6.63
	12/31/2009	9,585,583	1.06 to 1.20	12,105,438	4.39	1.15 to 1.95	23.48 to 22.52
TA Asset Allocation - Growth Initial Class							
	12/31/2013	83,520	1.79 to 1.59	146,651	0.85	1.25 to 1.90	25.25 to 24.45
	12/31/2012	45,481	1.43 to 1.28	63,855	1.29	1.25 to 1.90	11.20 to 10.49
	12/31/2011	49,928	1.28 to 1.16	63,133	1.37	1.25 to 1.90	(6.58) to (7.18)
	12/31/2010	31,855	1.37 to 1.25	43,183	1.11	1.25 to 1.90	13.53 to 12.81
	12/31/2009	31,932	1.21 to 1.11	38,184	2.47	1.25 to 1.90	28.22 to 27.40
TA Asset Allocation - Growth Service Class							
	12/31/2013	3,835,267	1.32 to 1.63	6,095,272	1.06	0.45 to 1.95	25.82 to 23.97
	12/31/2012	3,079,013	1.05 to 1.32	3,927,834	1.08	0.45 to 1.95	11.11 to 10.23
	12/31/2011	2,585,872	0.95 to 1.20	3,059,442	0.93	1.15 to 1.95	(6.77) to (7.50)
	12/31/2010	2,140,621	1.02 to 1.29	2,722,610	0.85	1.15 to 1.95	13.35 to 12.46
	12/31/2009	2,059,483	0.90 to 1.15	2,560,873	2.49	1.15 to 1.95	28.07 to 27.07
TA Asset Allocation - Moderate Initial Class							
	12/31/2013	615,879	1.76 to 1.52	1,065,321	2.47	1.25 to 1.90	12.10 to 11.38
	12/31/2012	625,757	1.57 to 1.37	967,012	2.67	1.25 to 1.90	8.08 to 7.39
	12/31/2011	668,707	1.45 to 1.27	957,577	2.17	1.25 to 1.90	(0.65) to (1.29)
	12/31/2010	857,598	1.46 to 1.29	1,237,967	3.07	1.25 to 1.90	9.01 to 8.32
	12/31/2009	748,054	1.34 to 1.19	992,017	4.49	1.25 to 1.90	24.84 to 24.05
TA Asset Allocation - Moderate Service Class							
	12/31/2013	115,593,525	1.18 to 1.55	221,957,877	2.38	0.45 to 1.95	12.73 to 11.07
	12/31/2012	96,011,691	1.05 to 1.39	141,669,166	2.66	0.45 to 1.95	7.86 to 7.01
	12/31/2011	62,966,719	1.13 to 1.30	86,581,469	2.34	1.15 to 1.95	(0.85) to (1.62)
	12/31/2010	30,478,867	1.14 to 1.32	42,494,257	2.97	1.15 to 1.95	8.89 to 8.03
	12/31/2009	21,164,098	1.04 to 1.22	27,635,516	4.33	1.15 to 1.95	24.76 to 23.78
TA Asset Allocation - Moderate Growth Initial Class							
	12/31/2013	153,714	1.80 to 1.58	275,097	2.38	1.25 to 1.90	17.91 to 17.16
	12/31/2012	214,324	1.52 to 1.35	324,237	2.46	1.25 to 1.90	9.27 to 8.57
	12/31/2011	248,447	1.39 to 1.24	343,791	2.07	1.25 to 1.90	(3.22) to (3.84)
	12/31/2010	268,594	1.44 to 1.29	384,132	2.01	1.25 to 1.90	11.34 to 10.63
	12/31/2009	344,628	1.29 to 1.17	442,525	3.29	1.25 to 1.90	26.58 to 25.77
TA Asset Allocation - Moderate Growth Service Class							
	12/31/2013	68,282,174	1.24 to 1.61	128,458,358	2.17	0.45 to 1.95	18.51 to 16.77
	12/31/2012	65,243,774	1.05 to 1.38	93,631,084	2.29	0.45 to 1.95	9.11 to 8.25
	12/31/2011	57,980,677	1.05 to 1.27	76,522,250	1.83	1.15 to 1.95	(3.38) to (4.14)
	12/31/2010	56,772,643	1.08 to 1.33	77,188,491	2.12	1.15 to 1.95	11.13 to 10.26
	12/31/2009	49,180,141	0.98 to 1.21	60,873,972	3.34	1.15 to 1.95	26.42 to 25.43
TA Barrow Hanley Dividend Focused Initial Class							
	12/31/2013	1,867,664	1.37 to 1.71	3,838,988	2.33	0.45 to 1.90	29.66 to 27.82
	12/31/2012	2,195,072	1.15 to 1.34	3,506,520	1.82	0.45 to 1.90	10.34 to 9.63
	12/31/2011	2,414,115	1.33 to 1.22	3,501,409	1.71	1.25 to 1.90	1.47 to 0.82
	12/31/2010	2,826,796	1.31 to 1.21	4,048,223	0.88	1.25 to 1.90	9.08 to 8.39
	12/31/2009	1,295,997	1.20 to 1.12	1,707,035	0.42	1.25 to 1.90	12.58 to 11.87

4. Financial Highlights (continued)

Subaccount	Year Ended	Units	Unit Fair Value Corresponding to Lowest to Highest Expense Ratio			Net Assets	Investment Income Ratio*	Expense Ratio** Lowest to Highest			Total Return*** Corresponding to Lowest to Highest Expense Ratio		
TA Barrow Hanley Dividend Focused Service Class													
	12/31/2013	2,042,352	$1.28	to	$1.82	$ 4,214,038	2.10 %	1.15 %	to	1.95 %	28.45 %	to	27.44 %
	12/31/2012	5,187,651	1.00	to	1.43	7,871,863	1.74	1.15	to	1.95	10.20	to	9.33
	12/31/2011	2,236,795	0.91	to	1.30	3,187,834	1.38	1.15	to	1.95	1.29	to	0.50
	12/31/2010	1,254,551	0.90	to	1.30	1,732,979	0.85	1.15	to	1.95	8.90	to	8.05
	12/31/2009	300,617	0.82	to	1.20	386,650	1.21	1.15	to	1.95	12.42	to	11.54
TA BlackRock Global Allocation Service Class													
	12/31/2013	36,030,640	1.18	to	1.47	55,988,891	1.14	0.45	to	2.05	13.92	to	12.13
	12/31/2012	34,316,080	1.04	to	1.31	45,873,956	2.33	0.45	to	2.05	8.61	to	7.76
	12/31/2011	30,352,416	1.24	to	1.22	37,446,891	0.69	1.25	to	2.05	(5.01)	to	(5.75)
	12/31/2010	16,666,042	1.31	to	1.29	21,689,890	0.50	1.25	to	2.05	8.42	to	7.57
	12/31/2009(1)	3,725,850	1.21	to	1.20	4,486,119	-	1.25	to	2.05	20.60	to	19.96
TA BlackRock Tactical Allocation Service Class													
	12/31/2013	33,268,265	1.18	to	1.59	66,492,168	1.40	0.45	to	1.95	11.84	to	10.20
	12/31/2012	24,436,673	1.05	to	1.44	35,871,490	1.48	0.45	to	1.95	8.76	to	7.90
	12/31/2011	10,049,931	1.36	to	1.34	13,601,215	1.18	1.15	to	1.95	2.57	to	1.76
	12/31/2010	5,868,130	1.33	to	1.31	7,764,924	0.45	1.15	to	1.95	9.98	to	9.12
	12/31/2009(1)	1,324,259	1.21	to	1.20	1,598,789	-	1.15	to	1.95	20.97	to	20.34
TA BNP Paribas Large Cap Growth Initial Class													
	12/31/2013	340,616	1.44	to	1.87	1,772,939	0.99	0.45	to	1.90	32.50	to	30.62
	12/31/2012	441,843	1.43	to	1.44	1,719,363	0.84	0.45	to	1.90	15.68	to	14.94
	12/31/2011	588,587	1.26	to	1.25	1,995,362	0.72	1.25	to	1.90	(3.47)	to	(4.09)
	12/31/2010	661,498	1.30	to	1.30	2,331,395	0.68	1.25	to	1.90	17.70	to	16.95
	12/31/2009	675,395	1.11	to	1.11	2,026,052	0.81	1.25	to	1.90	43.62	to	42.70
TA BNP Paribas Large Cap Growth Service Class													
	12/31/2013	3,636,014	1.69	to	1.90	7,755,616	0.81	1.15	to	1.95	31.30	to	30.27
	12/31/2012	3,035,386	1.29	to	1.46	4,696,125	0.99	1.15	to	1.95	15.49	to	14.58
	12/31/2011	458,821	1.11	to	1.27	571,323	0.64	1.15	to	1.95	(3.64)	to	(4.39)
	12/31/2010	227,659	1.15	to	1.33	331,486	0.58	1.15	to	1.95	17.52	to	16.60
	12/31/2009	138,526	0.98	to	1.14	170,111	0.81	1.15	to	1.95	43.44	to	42.31
TA Clarion Global Real Estate Securities Initial Class													
	12/31/2013	22,067	1.19	to	1.87	52,521	5.50	0.45	to	1.90	3.43	to	1.96
	12/31/2012	22,372	1.39	to	1.84	51,946	3.56	0.45	to	1.90	23.70	to	22.91
	12/31/2011	22,389	1.90	to	1.49	42,064	7.90	1.25	to	1.90	(6.90)	to	(7.49)
	12/31/2010	16,210	2.04	to	1.62	32,803	6.11	1.25	to	1.90	14.24	to	13.51
	12/31/2009	18,912	1.78	to	1.42	33,495	-	1.25	to	1.90	31.77	to	30.93
TA Clarion Global Real Estate Securities Service Class													
	12/31/2013	1,851,330	1.11	to	1.89	3,363,372	5.62	1.15	to	1.95	2.53	to	1.72
	12/31/2012	1,368,300	1.08	to	1.85	2,269,443	3.57	1.15	to	1.95	23.55	to	22.58
	12/31/2011	841,211	0.87	to	1.51	1,134,570	7.10	1.15	to	1.95	(7.08)	to	(7.80)
	12/31/2010	521,494	0.94	to	1.64	770,080	6.54	1.15	to	1.95	13.99	to	13.10
	12/31/2009	206,402	0.83	to	1.45	281,225	-	1.15	to	1.95	31.49	to	30.46
TA Hanlon Income Service Class													
	12/31/2013	2,508,360	1.04	to	1.02	2,898,125	3.90	0.45	to	1.95	2.48	to	0.97
	12/31/2012	3,294,910	1.04	to	1.01	3,377,422	2.22	0.45	to	1.95	2.29	to	1.48
	12/31/2011	3,318,333	1.01	to	0.99	3,334,762	1.39	1.15	to	1.95	1.76	to	0.96
	12/31/2010	3,494,954	0.99	to	0.99	3,462,522	0.27	1.15	to	1.95	(1.02)	to	(1.80)
	12/31/2009(1)	2,491	1.00	to	1.00	2,500	-	1.15	to	1.95	0.41	to	0.32
TA ING Balanced Allocation Service Class													
	12/31/2013(1)	1,498	10.63	to	10.57	15,909	-	1.15	to	2.00	-	to	-
TA ING Conservative Allocation Service Class													
	12/31/2013(1)	1,552	10.21	to	10.15	15,829	-	1.15	to	2.00	-	to	-
TA ING Intermediate Bond Service Class													
	12/31/2013(1)	-	9.58	to	9.52	-	-	1.15	to	2.00	-	to	-
TA ING Large Cap Growth Service Class													
	12/31/2013(1)	-	11.75	to	11.68	-	-	1.15	to	2.00	-	to	-

4. Financial Highlights (continued)

Subaccount	Year Ended	Units	Unit Fair Value Corresponding to Lowest to Highest Expense Ratio	Net Assets	Investment Income Ratio*	Expense Ratio** Lowest to Highest	Total Return*** Corresponding to Lowest to Highest Expense Ratio
TA ING Limited Maturity Bond Service Class							
	12/31/2013(1)	4,711	$9.91 to $9.86	$ 46,655	- %	1.15 % to 2.00 %	- % to - %
TA ING Mid Cap Opportunities Service Class							
	12/31/2013(1)	-	11.73 to 11.66	-	-	1.15 to 2.00	- to -
TA ING Moderate Growth Allocation Service Class							
	12/31/2013(1)	-	11.03 to 10.97	-	-	1.15 to 2.00	- to -
TA International Moderate Growth Service Class							
	12/31/2013	21,520,089	1.19 to 1.03	27,779,613	1.90	0.45 to 1.95	11.96 to 10.31
	12/31/2012	18,158,917	1.06 to 0.94	17,563,626	2.83	0.45 to 1.95	11.20 to 10.32
	12/31/2011	13,843,772	0.94 to 0.85	12,042,962	1.90	1.15 to 1.95	(8.58) to (9.30)
	12/31/2010	12,610,068	1.02 to 0.94	12,036,697	2.55	1.15 to 1.95	8.99 to 8.13
	12/31/2009	10,595,332	0.94 to 0.87	9,303,646	2.58	1.15 to 1.95	27.86 to 26.86
TA Janus Balanced Service Class							
	12/31/2013	9,040,332	1.26 to 1.12	15,597,184	0.78	0.45 to 1.95	18.49 to 16.74
	12/31/2012	3,547,649	1.06 to 0.96	3,462,061	-	0.45 to 1.95	11.21 to 10.34
	12/31/2011	1,379,311	0.89 to 0.87	1,214,507	0.16	1.15 to 1.95	(11.82) to (12.51)
	12/31/2010	564,672	1.01 to 1.00	565,612	0.19	1.15 to 1.95	1.93 to 1.13
	12/31/2009(1)	12,510	0.99 to 0.99	12,333	-	1.15 to 1.95	(1.38) to (1.47)
TA Jennison Growth Initial Class							
	12/31/2013	1,426,689	1.46 to 1.87	2,088,334	0.26	0.45 to 1.90	37.09 to 35.14
	12/31/2012	1,707,271	1.35 to 1.38	1,840,076	0.07	0.45 to 1.90	14.33 to 13.60
	12/31/2011	2,103,003	0.96 to 1.22	1,985,265	0.12	1.25 to 1.90	(1.85) to (2.48)
	12/31/2010	2,325,635	0.98 to 1.25	2,240,082	0.05	1.25 to 1.90	10.88 to 10.17
	12/31/2009	255,410	0.88 to 1.13	222,257	0.15	1.25 to 1.90	39.26 to 38.37
TA Jennison Growth Service Class							
	12/31/2013	4,408,276	1.78 to 1.85	9,292,701	0.07	1.15 to 1.95	35.74 to 34.67
	12/31/2012	3,985,152	1.31 to 1.37	5,977,859	-	1.15 to 1.95	14.09 to 13.19
	12/31/2011	1,743,989	1.15 to 1.21	2,358,279	-	1.15 to 1.95	(1.90) to (2.67)
	12/31/2010	710,579	1.17 to 1.24	984,045	0.03	1.15 to 1.95	10.70 to 9.83
	12/31/2009	114,001	1.06 to 1.13	149,386	-	1.15 to 1.95	39.09 to 38.00
TA JPMorgan Core Bond Service Class							
	12/31/2013	5,404,361	1.01 to 1.03	7,409,619	2.94	0.45 to 1.95	(2.57) to (4.00)
	12/31/2012	4,215,614	1.10 to 1.07	4,541,364	2.84	0.45 to 1.95	3.56 to 2.74
	12/31/2011(1)	1,375,323	1.05 to 1.04	1,436,021	3.19	1.15 to 1.95	- to -
TA JPMorgan Enhanced Index Initial Class							
	12/31/2013	244,348	1.45 to 1.66	541,382	0.66	0.45 to 1.90	31.92 to 30.05
	12/31/2012	260,637	1.29 to 1.28	442,008	1.21	0.45 to 1.90	14.91 to 14.17
	12/31/2011	388,931	1.01 to 1.12	575,064	1.21	1.25 to 1.90	(0.50) to (1.14)
	12/31/2010	425,131	1.01 to 1.13	634,385	1.35	1.25 to 1.90	13.76 to 13.03
	12/31/2009	511,675	0.89 to 1.00	662,521	2.09	1.25 to 1.90	27.99 to 27.17
TA JPMorgan Enhanced Index Service Class							
	12/31/2013	223,242	1.54 to 1.71	448,924	0.56	1.15 to 1.95	30.63 to 29.61
	12/31/2012	150,883	1.18 to 1.32	192,454	0.97	1.15 to 1.95	14.77 to 13.86
	12/31/2011	105,155	1.03 to 1.16	121,663	1.08	1.15 to 1.95	(0.67) to (1.44)
	12/31/2010	133,806	1.04 to 1.17	167,268	1.71	1.15 to 1.95	13.55 to 12.66
	12/31/2009	26,763	0.91 to 1.04	33,378	1.28	1.15 to 1.95	27.85 to 26.84
TA JPMorgan Mid Cap Value Service Class							
	12/31/2013	4,415,296	1.49 to 1.88	10,486,357	0.40	0.45 to 1.95	30.88 to 28.95
	12/31/2012	3,860,875	1.14 to 1.46	5,704,726	0.75	0.45 to 1.95	18.86 to 17.93
	12/31/2011	990,822	1.26 to 1.24	1,238,348	1.00	1.15 to 1.95	0.58 to (0.21)
	12/31/2010	131,838	1.25 to 1.24	164,089	2.68	1.15 to 1.95	21.43 to 20.47
	12/31/2009(1)	1,942	1.03 to 1.03	2,000	-	1.15 to 1.95	3.01 to 2.91

4. Financial Highlights (continued)

Subaccount	Year Ended	Units	Unit Fair Value Corresponding to Lowest to Highest Expense Ratio			Net Assets	Investment Income Ratio*	Expense Ratio** Lowest to Highest			Total Return*** Corresponding to Lowest to Highest Expense Ratio		
TA JPMorgan Tactical Allocation Service Class													
	12/31/2013	19,949,918	$1.10	to	$1.08	$ 30,794,952	1.08 %	0.45 %	to	1.95 %	4.82 %	to	3.28 %
	12/31/2012	14,296,793	1.07	to	1.05	15,073,054	0.63	0.45	to	1.95	6.24	to	5.40
	12/31/2011(1)	2,836,026	1.00	to	0.99	2,823,875	1.02	1.15	to	1.95	-	to	-
TA Legg Mason Dynamic Allocation - Balanced Service Class													
	12/31/2013	14,019,229	1.08	to	1.08	26,970,451	0.24	0.45	to	1.95	8.88	to	7.28
	12/31/2012(1)	4,608,121	1.02	to	1.01	4,653,300	-	0.45	to	1.95	-	to	-
TA Legg Mason Dynamic Allocation - Growth Service Class													
	12/31/2013	9,288,777	1.14	to	1.14	20,070,907	0.21	0.45	to	1.95	15.09	to	13.40
	12/31/2012(1)	2,788,564	1.01	to	1.00	2,801,716	-	0.45	to	1.95	-	to	-
TA Market Participation Strategy Service Class													
	12/31/2013	4,873,843	1.13	to	1.11	12,392,847	-	0.45	to	1.95	13.78	to	12.11
	12/31/2012(1)	728,061	0.99	to	0.99	720,954	-	0.45	to	1.95	-	to	-
TA MFS International Equity Initial Class													
	12/31/2013	49,155	1.33	to	1.75	72,262	1.17	0.45	to	1.90	17.56	to	15.89
	12/31/2012	49,166	1.43	to	1.51	62,062	1.64	0.45	to	1.90	20.64	to	19.87
	12/31/2011	50,143	1.06	to	1.26	52,546	1.88	1.25	to	1.90	(11.17)	to	(11.73)
	12/31/2010	8,014	1.20	to	1.43	9,467	1.40	1.25	to	1.90	9.13	to	8.44
	12/31/2009	8,076	1.10	to	1.32	8,755	2.73	1.25	to	1.90	31.05	to	30.21
TA MFS International Equity Service Class													
	12/31/2013	995,804	1.35	to	1.83	2,398,959	1.22	1.15	to	1.95	16.43	to	15.52
	12/31/2012	784,016	1.16	to	1.58	1,119,091	1.52	1.15	to	1.95	20.48	to	19.53
	12/31/2011	519,700	0.97	to	1.33	578,305	1.21	1.15	to	1.95	(11.24)	to	(11.93)
	12/31/2010	312,759	1.09	to	1.51	458,883	1.67	1.15	to	1.95	9.05	to	8.20
	12/31/2009	70,077	1.00	to	1.39	88,314	2.12	1.15	to	1.95	30.73	to	29.71
TA Morgan Stanley Capital Growth Initial Class													
	12/31/2013	20,201	1.89	to	1.87	41,179	0.69	1.25	to	1.90	46.42	to	45.49
	12/31/2012	20,240	1.29	to	1.29	28,219	-	1.25	to	1.90	14.11	to	13.38
	12/31/2011	20,281	1.13	to	1.13	24,817	-	1.25	to	1.90	(6.97)	to	(7.56)
	12/31/2010	87,886	1.21	to	1.23	115,765	0.89	1.25	to	1.90	25.86	to	25.06
	12/31/2009	88,946	0.97	to	0.98	92,211	2.42	1.25	to	1.90	26.33	to	25.52
TA Morgan Stanley Capital Growth Service Class													
	12/31/2013	500,196	1.72	to	1.93	1,052,865	0.51	1.15	to	1.95	46.20	to	45.06
	12/31/2012	465,486	1.18	to	1.33	630,426	-	1.15	to	1.95	13.89	to	12.99
	12/31/2011	525,278	1.03	to	1.18	579,273	-	1.15	to	1.95	(7.06)	to	(7.78)
	12/31/2010	245,780	1.11	to	1.28	338,026	0.70	1.15	to	1.95	25.64	to	24.66
	12/31/2009	175,286	0.89	to	1.02	208,048	2.12	1.15	to	1.95	26.12	to	25.13
TA Morgan Stanley Mid-Cap Growth Initial Class													
	12/31/2013	36,941	1.39	to	2.14	54,906	0.82	0.45	to	1.90	38.52	to	36.55
	12/31/2012	38,621	1.58	to	1.56	41,828	-	0.45	to	1.90	7.73	to	7.04
	12/31/2011	82,859	1.02	to	1.46	83,380	0.31	1.25	to	1.90	(7.86)	to	(8.45)
	12/31/2010	66,790	1.11	to	1.60	73,022	0.13	1.25	to	1.90	32.25	to	31.41
	12/31/2009	55,836	0.84	to	1.21	46,228	-	1.25	to	1.90	58.58	to	57.57
TA Morgan Stanley Mid-Cap Growth Service Class													
	12/31/2013	1,427,218	2.03	to	2.02	3,367,567	0.60	1.15	to	1.95	37.25	to	36.17
	12/31/2012	1,851,803	1.48	to	1.49	2,936,120	-	1.15	to	1.95	7.53	to	6.68
	12/31/2011	1,905,110	1.38	to	1.39	2,750,031	0.22	1.15	to	1.95	(7.97)	to	(8.69)
	12/31/2010	295,317	1.50	to	1.52	496,082	0.02	1.15	to	1.95	32.06	to	31.03
	12/31/2009	57,907	1.13	to	1.16	75,089	-	1.15	to	1.95	58.30	to	57.06
TA Multi-Managed Balanced Initial Class													
	12/31/2013	23,192	2.04	to	1.82	46,465	1.60	1.25	to	1.90	16.63	to	15.89
	12/31/2012	23,192	1.75	to	1.57	39,897	0.00	1.25	to	1.90	11.17	to	10.46
	12/31/2011	-	1.57	to	1.42	-	-	1.25	to	1.90	2.75	to	2.10
	12/31/2010	-	1.53	to	1.39	-	-	1.25	to	1.90	22.59	to	21.81
	12/31/2009	-	1.25	to	1.14	-	-	1.25	to	1.90	24.74	to	23.94

4. Financial Highlights (continued)

Subaccount	Year Ended	Units	Unit Fair Value Corresponding to Lowest to Highest Expense Ratio			Net Assets	Investment Income Ratio*	Expense Ratio** Lowest to Highest			Total Return*** Corresponding to Lowest to Highest Expense Ratio		
TA Multi-Managed Balanced Service Class													
	12/31/2013	3,663,589	1.26	to	1.81	$ 6,706,218	1.52 %	0.45 %	to	1.95 %	17.23 %	to	15.50 %
	12/31/2012	2,836,668	1.31	to	1.57	4,481,180	1.45	0.45	to	1.95	11.11	to	10.24
	12/31/2011	2,609,105	1.24	to	1.42	3,671,757	2.35	1.15	to	1.95	2.57	to	1.77
	12/31/2010	1,857,167	1.21	to	1.40	2,631,533	0.49	1.15	to	1.95	22.48	to	21.51
	12/31/2009	704,957	0.99	to	1.15	784,486	1.93	1.15	to	1.95	24.50	to	23.53
TA Multi-Manager Alt Strategies Service Class													
	12/31/2013(1)	598	10.23	to	10.21	6,116	-	0.45	to	1.65	0.00	to	0.00
TA PIMCO Real Return TIPS Service Class													
	12/31/2013	13,261,771	0.94	to	0.98	14,478,869	0.34	0.45	to	1.95	(9.95)	to	(11.28)
	12/31/2012	13,767,765	1.14	to	1.11	15,370,289	0.26	0.45	to	1.95	5.08	to	4.25
	12/31/2011(1)	4,114,180	1.07	to	1.06	4,386,948	-	1.15	to	1.95	-	to	-
TA PIMCO Tactical - Balanced Service Class													
	12/31/2013	9,401,250	1.10	to	0.99	16,381,046	0.65	0.45	to	1.95	11.35	to	9.71
	12/31/2012	3,645,065	0.99	to	0.91	3,358,618	1.49	0.45	to	1.95	(0.17)	to	(0.96)
	12/31/2011	1,562,351	0.93	to	0.92	1,443,848	1.21	1.15	to	1.95	(4.50)	to	(5.25)
	12/31/2010	1,506,654	0.97	to	0.97	1,462,772	0.54	1.15	to	1.95	(4.56)	to	(5.31)
	12/31/2009(1)	-	1.02	to	1.02	-	-	1.15	to	1.95	2.11	to	2.01
TA PIMCO Tactical - Conservative Service Class													
	12/31/2013	3,388,194	1.07	to	0.94	4,859,792	0.73	0.45	to	1.95	7.67	to	6.09
	12/31/2012	1,792,209	0.99	to	0.89	1,613,212	1.19	0.45	to	1.95	0.37	to	(0.43)
	12/31/2011	916,713	0.91	to	0.89	824,736	1.44	1.15	to	1.95	(8.51)	to	(9.23)
	12/31/2010	759,928	0.99	to	0.98	749,706	0.86	1.15	to	1.95	(3.23)	to	(3.99)
	12/31/2009(1)	-	1.02	to	1.02	-	-	1.15	to	1.95	2.28	to	2.19
TA PIMCO Tactical - Growth Service Class													
	12/31/2013	5,087,552	1.14	to	0.98	8,054,694	0.83	0.45	to	1.95	16.28	to	14.57
	12/31/2012	1,751,213	0.98	to	0.85	1,512,853	0.41	0.45	to	1.95	(0.46)	to	(1.25)
	12/31/2011	630,345	0.88	to	0.86	550,036	1.26	1.15	to	1.95	(12.62)	to	(13.30)
	12/31/2010	534,657	1.00	to	0.99	534,937	1.47	1.15	to	1.95	(1.83)	to	(2.60)
	12/31/2009(1)	-	1.02	to	1.02	-	-	1.15	to	1.95	2.18	to	2.08
TA PIMCO Total Return Initial Class													
	12/31/2013	271,387	1.58	to	1.36	420,257	1.91	1.25	to	1.90	(3.75)	to	(4.36)
	12/31/2012	344,743	1.64	to	1.42	555,485	3.95	1.25	to	1.90	6.22	to	5.53
	12/31/2011	518,608	1.54	to	1.35	787,899	2.32	1.25	to	1.90	4.96	to	4.29
	12/31/2010	506,407	1.47	to	1.29	734,088	4.16	1.25	to	1.90	5.87	to	5.20
	12/31/2009	464,021	1.39	to	1.23	636,284	6.47	1.25	to	1.90	14.60	to	13.87
TA PIMCO Total Return Service Class													
	12/31/2013	45,280,868	1.02	to	1.33	65,446,075	2.06	0.45	to	1.95	(3.20)	to	(4.62)
	12/31/2012	43,554,435	1.29	to	1.40	59,123,962	4.32	0.45	to	1.95	6.25	to	5.26
	12/31/2011	22,909,610	1.24	to	1.33	29,757,483	2.42	1.00	to	1.95	4.90	to	3.93
	12/31/2010	12,676,585	1.18	to	1.28	15,856,268	5.13	1.00	to	1.95	5.88	to	4.89
	12/31/2009	3,457,235	1.11	to	1.22	4,041,416	7.03	1.00	to	1.95	14.60	to	13.54
TA ProFunds UltraBear Service Class (OAM)													
	12/31/2013	3,540,863	0.12	to	0.12	425,843	-	1.00	to	1.95	(45.65)	to	(46.16)
	12/31/2012	17,756,040	0.67	to	0.22	3,953,441	-	0.45	to	1.95	(30.13)	to	(30.79)
	12/31/2011	18,246,388	0.32	to	0.32	5,840,353	-	1.00	to	1.95	(20.74)	to	(21.48)
	12/31/2010	583,716	0.41	to	0.40	237,078	-	1.00	to	1.95	(27.49)	to	(28.17)
	12/31/2009(1)	101,824	0.56	to	0.56	57,270	-	1.00	to	1.95	(43.58)	to	(43.93)

4. Financial Highlights (continued)

Subaccount	Year Ended	Units	Unit Fair Value Corresponding to Lowest to Highest Expense Ratio	Net Assets	Investment Income Ratio*	Expense Ratio** Lowest to Highest	Total Return*** Corresponding to Lowest to Highest Expense Ratio
TA Systematic Small/Mid Cap Value Initial Class							
	12/31/2013	418,523	1.45 to 10.03	$ 3,611,831	0.42 %	0.45 % to 1.55 %	35.71 % to 34.24 %
	12/31/2012	492,637	1.39 to 7.47	3,142,391	0.54	0.45 to 1.55	14.94 to 14.60
	12/31/2011	614,983	2.09 to 6.52	3,551,915	0.15	1.25 to 1.55	(3.86) to (4.14)
	12/31/2010	661,759	2.17 to 6.80	4,020,275	0.74	1.25 to 1.55	28.80 to 28.42
	12/31/2009	728,493	1.69 to 5.30	3,485,507	3.23	1.25 to 1.55	41.44 to 41.03
TA Systematic Small/Mid Cap Value Service Class							
	12/31/2013	2,199,252	1.79 to 1.70	4,056,739	0.30	1.15 to 1.95	34.49 to 33.44
	12/31/2012	1,936,575	1.33 to 1.28	2,533,553	0.27	1.15 to 1.95	14.72 to 13.81
	12/31/2011	1,265,467	1.16 to 1.12	1,445,404	0.04	1.15 to 1.95	(3.96) to (4.71)
	12/31/2010	738,776	1.21 to 1.18	881,940	0.82	1.15 to 1.95	28.57 to 27.56
	12/31/2009	194,362	0.94 to 0.92	181,109	2.67	1.15 to 1.95	41.28 to 40.17
TA T. Rowe Price Small Cap Initial Class							
	12/31/2013	180,817	1.51 to 2.26	331,926	0.07	0.45 to 1.90	43.42 to 41.39
	12/31/2012	199,364	1.59 to 1.60	257,578	-	0.45 to 1.90	14.26 to 13.52
	12/31/2011	201,461	1.44 to 1.41	228,149	-	1.25 to 1.90	0.44 to (0.20)
	12/31/2010	189,760	1.44 to 1.41	214,274	-	1.25 to 1.90	32.77 to 31.92
	12/31/2009	114,718	1.08 to 1.07	97,711	-	1.25 to 1.90	36.99 to 36.12
TA T. Rowe Price Small Cap Service Class							
	12/31/2013	4,912,670	2.18 to 2.28	14,082,513	-	1.15 to 1.95	42.07 to 40.95
	12/31/2012	4,271,914	1.53 to 1.62	7,692,095	-	1.15 to 1.95	14.09 to 13.19
	12/31/2011	1,529,018	1.34 to 1.43	2,411,201	-	1.15 to 1.95	0.36 to (0.43)
	12/31/2010	492,368	1.34 to 1.44	809,041	-	1.15 to 1.95	32.54 to 31.50
	12/31/2009	102,181	1.01 to 1.09	129,777	-	1.15 to 1.95	36.76 to 35.68
TA TS&W International Equity Initial Class							
	12/31/2013	486,627	1.35 to 1.62	1,084,356	2.29	0.45 to 1.90	23.79 to 22.03
	12/31/2012	583,020	1.24 to 1.33	1,054,272	2.23	0.45 to 1.90	15.30 to 14.56
	12/31/2011	682,230	1.09 to 1.16	1,073,083	1.40	1.25 to 1.90	(15.35) to (15.89)
	12/31/2010	743,147	1.29 to 1.38	1,383,627	1.99	1.25 to 1.90	7.14 to 6.46
	12/31/2009	832,249	1.20 to 1.30	1,449,664	0.16	1.25 to 1.90	24.33 to 23.54
TA TS&W International Equity Service Class							
	12/31/2013	559,458	1.21 to 1.73	1,151,493	2.35	1.15 to 1.95	22.66 to 21.70
	12/31/2012	415,528	0.99 to 1.42	520,759	2.04	1.15 to 1.95	15.11 to 14.20
	12/31/2011	421,636	0.86 to 1.24	424,142	1.36	1.15 to 1.95	(15.54) to (16.20)
	12/31/2010	191,678	1.02 to 1.48	283,318	2.00	1.15 to 1.95	6.97 to 6.13
	12/31/2009	76,601	0.95 to 1.40	96,375	-	1.15 to 1.95	24.25 to 23.27
TA Vanguard ETF - Aggressive Growth Service Class							
	12/31/2013	9,004,087	1.37 to 1.54	20,987,400	1.28	0.45 to 1.95	26.50 to 24.64
	12/31/2012	5,743,301	1.08 to 1.24	7,239,951	1.15	0.45 to 1.95	15.41 to 14.33
	12/31/2011	3,487,575	1.10 to 1.08	3,822,635	0.80	1.00 to 1.95	(4.87) to (5.75)
	12/31/2010	1,556,788	1.16 to 1.15	1,800,436	0.07	1.00 to 1.95	13.27 to 12.22
	12/31/2009(1)	-	1.02 to 1.02	-	-	1.00 to 1.95	2.48 to 2.37
TA Vanguard ETF - Balanced Service Class							
	12/31/2013	129,881,636	1.16 to 1.17	209,472,792	1.14	0.45 to 1.95	10.93 to 9.30
	12/31/2012	92,769,802	1.15 to 1.07	103,256,948	1.28	0.45 to 1.95	7.32 to 6.31
	12/31/2011	55,196,098	1.11 to 1.01	57,381,801	1.17	1.00 to 1.95	0.46 to (0.47)
	12/31/2010	24,067,970	1.10 to 1.01	24,991,459	1.17	1.00 to 1.95	9.60 to 8.57
	12/31/2009	13,845,695	1.01 to 0.93	13,238,535	0.30	1.00 to 1.95	15.38 to 14.30
TA Vanguard ETF - Conservative Service Class							
	12/31/2013	35,123,308	1.11 to 1.19	52,461,737	1.38	0.45 to 1.95	6.99 to 5.41
	12/31/2012	32,111,247	1.05 to 1.13	37,084,247	1.08	0.45 to 1.95	5.56 to 4.57
	12/31/2011	20,543,306	1.11 to 1.08	22,551,897	0.68	1.00 to 1.95	2.15 to 1.21
	12/31/2010	8,889,907	1.08 to 1.07	9,586,345	0.03	1.00 to 1.95	8.34 to 7.33
	12/31/2009(1)	-	1.00 to 1.00	-	-	1.00 to 1.95	(0.12) to (0.23)

4. Financial Highlights (continued)

Subaccount	Year Ended	Units	Unit Fair Value Corresponding to Lowest to Highest Expense Ratio			Net Assets	Investment Income Ratio*	Expense Ratio** Lowest to Highest			Total Return*** Corresponding to Lowest to Highest Expense Ratio		
TA Vanguard ETF - Growth Service Class													
	12/31/2013	122,516,985	1.26	to	1.19	$ 196,467,643	1.33 %	0.45 %	to	1.95 %	18.25 %	to	16.51 %
	12/31/2012	79,318,618	1.10	to	1.02	84,454,388	1.65	0.45	to	1.95	10.44	to	9.41
	12/31/2011	57,119,875	1.05	to	0.93	55,427,571	1.54	1.00	to	1.95	(2.11)	to	(3.02)
	12/31/2010	38,408,841	1.08	to	0.96	38,155,104	1.32	1.00	to	1.95	11.88	to	10.84
	12/31/2009	17,770,430	0.96	to	0.87	15,804,213	0.43	1.00	to	1.95	21.96	to	20.82
TA WMC Diversified Growth Initial Class													
	12/31/2013	2,741,240	1.36	to	1.64	3,277,307	1.04	0.45	to	1.90	31.87	to	30.00
	12/31/2012	3,154,123	1.17	to	1.26	2,886,812	0.31	0.45	to	1.90	11.76	to	11.05
	12/31/2011	3,726,954	1.06	to	1.13	3,055,376	0.37	1.25	to	1.90	(4.92)	to	(5.52)
	12/31/2010	3,987,239	1.12	to	1.20	3,430,986	0.54	1.25	to	1.90	16.36	to	15.62
	12/31/2009	4,303,734	0.96	to	1.04	3,187,411	0.95	1.25	to	1.90	27.60	to	26.79
TA WMC Diversified Growth Service Class													
	12/31/2013	975,383	1.36	to	1.69	1,861,412	0.84	1.15	to	1.95	30.63	to	29.61
	12/31/2012	778,449	1.04	to	1.31	1,097,644	0.12	1.15	to	1.95	11.57	to	10.69
	12/31/2011	678,266	0.93	to	1.18	849,840	0.21	1.15	to	1.95	(5.02)	to	(5.76)
	12/31/2010	66,028	0.98	to	1.25	86,455	0.36	1.15	to	1.95	16.15	to	15.24
	12/31/2009	44,361	0.84	to	1.09	50,589	0.53	1.15	to	1.95	27.43	to	26.43
Vanguard® Equity Index													
	12/31/2013(1)	-	11.79	to	11.76	-	-	0.45	to	0.80	-	to	-
Vanguard® International													
	12/31/2013(1)	-	11.67	to	11.64	-	-	0.45	to	0.80	-	to	-
Vanguard® Mid-Cap Index													
	12/31/2013(1)	-	11.84	to	11.81	-	-	0.45	to	0.80	-	to	-
Vanguard® REIT Index													
	12/31/2013(1)	-	8.91	to	8.89	-	-	0.45	to	0.80	-	to	-
Vanguard® Short-Term Investment Grade													
	12/31/2013(1)	-	9.98	to	9.95	-	-	0.45	to	0.80	-	to	-
Vanguard® Total Bond Market Index													
	12/31/2013(1)	-	9.63	to	9.61	-	-	0.45	to	0.80	-	to	-
Wanger International													
	12/31/2013(1)	-	11.06	to	11.04	-	-	0.45	to	0.80	-	to	-
Wanger USA													
	12/31/2013(1)	-	12.28	to	12.25	-	-	0.45	to	0.80	-	to	-

(1) *See footnote 1*

* These amounts represent the dividends, excluding distributions of capital gains, received by the subaccount from the Mutual Fund, net of management fees assessed by the fund manager, divided by the average net assets. These ratios exclude those expenses, such as mortality and expense charges, that are assessed against contract owner accounts either through reductions in the unit values or the redemption of units. The recognition of investment income by the subaccount is affected by the timing of the declaration of dividends by the Mutual Fund in which the subaccounts invest.

** These amounts represent the annualized contract expenses of the subaccount, consisting primarily of mortality and expense charges, for each period indicated. These ratios include only those expenses that result in a direct reduction to unit values. Charges made directly to contract owner accounts through the redemption of units and expenses of the Mutual Fund have been excluded.

4. Financial Highlights (continued)

*** These amounts represent the total return for the periods indicated, including changes in the value of the Mutual Fund, and expenses assessed through the reduction of unit values. These ratios do not include any expenses assessed through the redemption of units. Investment options with a date notation indicate the effective date of that investment option in the variable account. The total return is calculated for each period indicated or from the effective date through the end of the reporting period. Effective 2012, total returns reflect a full twelve month period and total returns for subaccounts opened during the year have not been disclosed as they may not be indicative of a full year return. Effective 2011, expense ratios not in effect for the full twelve months are not reflected in the total return as they may not be indicative of a full year

5. Administrative and Mortality and Expense Risk Charges

TFLIC deducts a daily administrative charge equal to an annual rate of .15% of the daily net assets value of each subaccount for administrative expenses. TFLIC also deducts an annual charge during the accumulation phase, not to exceed $35, proportionately from the subaccounts' unit values. An annual charge ranging from 0.30% to 1.80% is deducted (based on the death benefit selected) from the unit values of the subaccounts of the Separate Account for TFLIC's assumption of certain mortality and expense risks incurred in connection with the contract. The charge is assessed daily based on the net asset value of the Mutual Fund. Charges for administrative and mortality and expense risk are an expense of the subaccount. Charges reflected above are those currently assessed and may be subject to change. Contract owners should see their actual policy and any related attachments to determine their specific charges.

In addition to M&E, the following subaccounts are assessed a daily charge for fund facilitation fees:

Subaccount	Facilitation Fee Assessed
TA BlackRock Global Allocation - SC	0.10%
AllianceBernstein Balanced Wealth Strategy	0.20%
Franklin Templeton VIP Founding Funds Allocation	0.15%
American Funds - Asset Allocation	0.30%
American Funds - Bond	0.30%
American Funds - Growth	0.30%
American Funds - Growth-Income	0.30%
American Funds - International	0.30%
GE Investments Total Return	0.20%

6. Income Tax

Operations of the Separate Account form a part of TFLIC, which is taxed as a life insurance company under Subchapter L of the Internal Revenue Code of 1986, as amended (the Code). The operations of the Separate Account are accounted for separately from other operations of TFLIC for purposes of federal income taxation. The Separate Account is not separately taxable as a regulated investment company under Subchapter M of the Code and is not otherwise taxable as an entity separate from TFLIC. Under existing federal income tax laws, the income of the Separate Account is not taxable to TFLIC, as long as earnings are credited under the variable annuity contracts.

7. Dividend Distributions

Dividends are not declared by the Separate Account, since the increase in the value of the underlying investment in the Mutual Funds is reflected daily in the accumulation unit price used to calculate the equity value within the Separate Account. Consequently, a dividend distribution by the Mutual Funds does not change either the accumulation unit price or equity values within the Separate Account.

8. Fair Value Measurements and Fair Value Hierarchy

The Accounting Standards Codification™ (ASC) 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the nature of inputs used to measure fair value and enhances disclosure requirements for fair value measurements.

The Separate Account has categorized its financial instruments into a three level hierarchy which is based on the priority of the inputs to the valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure fair value fall within different levels of the hierarchy, the category level is based on the lowest priority level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded at fair value on the Statements of Assets and Liabilities are categorized as follows:

Level 1. Unadjusted quoted prices for identical assets or liabilities in an active market.

Level 2. Quoted prices in markets that are not active or inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include the following:

a) Quoted prices for similar assets or liabilities in active markets
b) Quoted prices for identical or similar assets or liabilities in non-active markets
c) Inputs other than quoted market prices that are observable
d) Inputs that are derived principally from or corroborated by observable market data

Level 3. Prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. They reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

All investments in the Mutual Funds included in the Statements of Assets and Liabilities are stated at fair value and are based upon daily unadjusted quoted prices, therefore are considered Level 1.

9. Subsequent Events

The Separate Account has evaluated the financial statements for subsequent events through the date which the financial statements were issued. During this period, there were no subsequent events requiring recognition or disclosure in the financial statements.

Transamerica Series Trust
Statement of Additional Information

May 1, 2014, as revised November 10, 2014

570 Carillon Parkway
St. Petersburg, Florida 33716
Customer Service (888) 233-4339 (toll free)

Portfolio	Class
Transamerica Aegon Active Asset Allocation – Conservative VP	Initial and Service
Transamerica Aegon Active Asset Allocation – Moderate Growth VP	Initial and Service
Transamerica Aegon Active Asset Allocation – Moderate VP	Initial and Service
Transamerica Aegon High Yield Bond VP	Initial and Service
Transamerica Aegon Money Market VP	Initial and Service
Transamerica Aegon U.S. Government Securities VP	Initial and Service
Transamerica AllianceBernstein Dynamic Allocation VP	Initial and Service
Transamerica Asset Allocation – Conservative VP	Initial and Service
Transamerica Asset Allocation – Growth VP	Initial and Service
Transamerica Asset Allocation – Moderate Growth VP	Initial and Service
Transamerica Asset Allocation – Moderate VP	Initial and Service
Transamerica Barrow Hanley Dividend Focused VP	Initial and Service
Transamerica BlackRock Global Allocation Managed Risk – Balanced VP	Initial and Service
Transamerica BlackRock Global Allocation Managed Risk – Growth VP	Initial and Service
Transamerica BlackRock Global Allocation VP	Initial and Service
Transamerica BlackRock Tactical Allocation VP	Initial and Service
Transamerica Clarion Global Real Estate Securities VP	Initial and Service
Transamerica International Moderate Growth VP	Initial and Service
Transamerica Janus Balanced VP	Initial and Service
Transamerica Jennison Growth VP	Initial and Service
Transamerica JPMorgan Core Bond VP	Initial and Service
Transamerica JPMorgan Enhanced Index VP	Initial and Service
Transamerica JPMorgan Mid Cap Value VP	Initial and Service
Transamerica JPMorgan Tactical Allocation VP	Initial and Service
Transamerica Legg Mason Dynamic Allocation – Balanced VP	Service
Transamerica Legg Mason Dynamic Allocation – Growth VP	Service
Transamerica Madison Balanced Allocation VP	Service
Transamerica Madison Conservative Allocation VP	Service
Transamerica Madison Diversified Income VP	Service
Transamerica Market Participation Strategy VP	Service
Transamerica MFS International Equity VP	Initial and Service
Transamerica Morgan Stanley Capital Growth VP	Initial and Service
Transamerica Morgan Stanley Mid-Cap Growth VP	Initial and Service
Transamerica Multi-Managed Balanced VP	Initial and Service
Transamerica Multi-Manager Alternative Strategies VP	Initial and Service
Transamerica PIMCO Tactical - Balanced VP	Initial and Service
Transamerica PIMCO Tactical - Conservative VP	Initial and Service
Transamerica PIMCO Tactical - Growth VP	Initial and Service
Transamerica PIMCO Total Return VP	Initial and Service
Transamerica PineBridge Inflation Opportunities VP (formerly, Transamerica PIMCO Real Return TIPS VP)	Initial and Service
Transamerica ProFund UltraBear VP	Service
Transamerica Systematic Small/Mid Cap Value VP	Initial and Service
Transamerica T. Rowe Price Small Cap VP	Initial and Service
Transamerica Torray Concentrated Growth VP (formerly, Transamerica BNP Paribas Large Cap Growth VP)	Initial and Service
Transamerica TS&W International Equity VP	Initial and Service
Transamerica Vanguard ETF Portfolio - Balanced VP	Initial and Service
Transamerica Vanguard ETF Portfolio - Conservative VP	Initial and Service
Transamerica Vanguard ETF Portfolio - Growth VP	Initial and Service
Transamerica Voya Balanced Allocation VP (formerly, Transamerica ING Balanced Allocation VP)	Initial and Service
Transamerica Voya Conservative Allocation VP (formerly, Transamerica ING Conservative Allocation VP)	Initial and Service
Transamerica Voya Intermediate Bond VP (formerly, Transamerica ING Intermediate Bond Portfolio VP)	Initial and Service
Transamerica Voya Large Cap Growth VP (formerly, Transamerica ING Large Cap Growth VP)	Initial and Service
Transamerica Voya Limited Maturity Bond VP (formerly, Transamerica ING Limited Maturity Bond VP)	Initial and Service
Transamerica Voya Mid Cap Opportunities VP (formerly, Transamerica ING Mid Cap Opportunities VP)	Initial and Service
Transamerica Voya Moderate Growth Allocation VP (formerly, Transamerica ING Moderate Growth Allocation VP)	Initial and Service
Transamerica WMC US Growth VP (formerly, Transamerica WMC Diversified Growth VP)	Initial and Service
Transamerica WMC US Growth II VP (formerly, Transamerica WMC Diversified Growth II VP)	Initial

None of the portfolios of Transamerica Series Trust have a ticker symbol.

Each of the portfolios listed above is a series of Transamerica Series Trust.

This Statement of Additional Information ("SAI") is not a prospectus, and should be read in conjunction with the prospectuses of Transamerica BlackRock Global Allocation Managed Risk – Balanced VP and Transamerica BlackRock Global Allocation Managed Risk – Growth VP dated November 10, 2014 and the prospectus for each of the other portfolios dated May 1, 2014, as they may be supplemented or revised from time to time.

This SAI is incorporated by reference in its entirety into the prospectuses. The prospectuses and this SAI may be obtained free of charge by writing or calling the portfolios at the above address or toll-free telephone number. This SAI sets forth information that may be of interest to shareholders, but that is not necessarily included in the prospectuses. Additional information about the portfolios' investments is available in the portfolios' Annual and Semi-Annual Reports to shareholders, which may be obtained free of charge by writing or calling the portfolios at the above address or telephone number.

The Annual Report contains financial statements that are incorporated herein by reference.

Investment Adviser: Transamerica Asset Management, Inc.

TABLE OF CONTENTS

Description of the Trust

Shares of Transamerica Series Trust (the "Trust"), an open-end management investment company that is registered under the Investment Company Act of 1940, as amended (the "1940 Act") are currently divided into separate series (each, a "portfolio" or together, the "portfolios") described herein. The Trust may create additional series and classes from time to time.

The Trust was organized as a Delaware statutory trust on April 21, 2005. The Trust is the successor to a corporation formed under the laws of the State of Maryland in 1985. Prior to May 1, 2008 the Trust's name was AEGON/Transamerica Series Trust.

Each portfolio is classified as diversified under the 1940 Act, except for Transamerica BlackRock Global Allocation Managed Risk – Balanced VP, Transamerica BlackRock Global Allocation Managed Risk – Growth VP, Transamerica Clarion Global Real Estate Securities VP, Transamerica Market Participation Strategy VP, Transamerica PineBridge Inflation Opportunities VP and Transamerica ProFund UltraBear VP, which are classified as non-diversified.

Transamerica Asset Management, Inc. ("TAM" or the "Investment Adviser") is the investment adviser for each portfolio.

The Trust is intended to be sold to the separate accounts of life insurance companies to fund benefits under variable life policies ("Policies") or variable annuity contracts ("Contracts") (collectively, the "Separate Accounts") (owners of the Separate Accounts, the "Policyowners") issued by Transamerica Life Insurance Company ("Transamerica"), Transamerica Financial Life Insurance Company ("TFLIC"), Transamerica Premier Life Insurance Company ("TPLIC") and Transamerica Advisors Life Insurance Company ("TALIC") (the "Life Companies"), and to Transamerica Asset Allocation – Conservative VP, Transamerica Asset Allocation – Growth VP, Transamerica Asset Allocation – Moderate Growth VP, Transamerica Asset Allocation – Moderate VP, Transamerica International Moderate Growth VP and Transamerica BlackRock Tactical Allocation VP (the "Asset Allocation Portfolios") as underlying portfolios in which the Asset Allocation Portfolios may invest. As such, WRL, Transamerica, TFLIC, TPLIC, TALIC, and the Asset Allocation Portfolios are the only shareholders of the investment portfolios offered by TST. If a Life Company offers a portfolio of TST in its respective products, and you own a Policy or a Contract of one of those Life Companies, you should consult with your Life Company about its voting policies. Shares may be offered to other life insurance companies in the future.

For the purposes of this SAI, the term "shareholder" (when used to refer to the beneficial holder of ownership interests in a portfolio) shall also be deemed to include Policyowners.

During the last five years, the name of certain portfolios have changed as follows:

Portfolio Name	Portfolio Name History
Transamerica Aegon Active Asset Allocation – Conservative VP	N/A
Transamerica Aegon Active Asset Allocation – Moderate Growth VP	N/A
Transamerica Aegon Active Asset Allocation – Moderate VP	N/A
Transamerica Aegon High Yield Bond VP	Transamerica MFS High Yield VP was renamed Transamerica AEGON High Yield Bond VP on November 20, 2009.
Transamerica Aegon Money Market VP	Transamerica Money Market VP was renamed Transamerica AEGON Money Market VP on March 22, 2011.
Transamerica Aegon U.S. Government Securities VP	Transamerica U.S. Government Securities VP was renamed Transamerica AEGON U.S. Government Securities VP on March 22, 2011.
Transamerica AllianceBernstein Dynamic Allocation VP	Transamerica Convertible Securities VP was renamed Transamerica AllianceBernstein Dynamic Allocation VP on August 16, 2010.
Transamerica Asset Allocation – Conservative VP	N/A
Transamerica Asset Allocation – Growth VP	N/A
Transamerica Asset Allocation – Moderate Growth VP	N/A
Transamerica Asset Allocation – Moderate VP	N/A
Transamerica Barrow Hanley Dividend Focused VP	Transamerica BlackRock Large Cap Value VP was renamed Transamerica Barrow Hanley Dividend Focused VP on May 1, 2013.
Transamerica BlackRock Global Allocation Managed Risk - Balanced VP[4]	N/A
Transamerica BlackRock Global Allocation Managed Risk - Growth VP[4]	N/A
Transamerica BlackRock Global Allocation VP	N/A
Transamerica BlackRock Tactical Allocation VP	N/A
Transamerica Clarion Global Real Estate Securities VP	N/A
Transamerica International Moderate Growth VP	N/A

Portfolio Name	Portfolio Name History
Transamerica Janus Balanced VP	Transamerica Global Commodities & Hard Assets VP was renamed Transamerica Janus Balanced VP on December 9, 2011. Transamerica Foxhall Global Commodities & Hard Assets VP was renamed Transamerica Global Commodities & Hard Assets VP on August 18, 2011.
Transamerica Jennison Growth VP	N/A
Transamerica JPMorgan Core Bond VP	N/A
Transamerica JPMorgan Enhanced Index VP	N/A
Transamerica JPMorgan Mid Cap Value VP	N/A
Transamerica JPMorgan Tactical Allocation VP	Transamerica Federated Market Opportunity VP was renamed Transamerica JPMorgan Tactical Allocation VP on May 1, 2011.
Transamerica Legg Mason Dynamic Allocation – Balanced VP	N/A
Transamerica Legg Mason Dynamic Allocation – Growth VP	N/A
Transamerica Madison Balanced Allocation VP	N/A
Transamerica Madison Conservative Allocation VP	N/A
Transamerica Madison Diversified Income VP	N/A
Transamerica Market Participation Strategy VP[1]	N/A
Transamerica MFS International Equity VP	N/A
Transamerica Morgan Stanley Capital Growth VP	Transamerica Focus VP was renamed Transamerica Morgan Stanley Capital Growth VP on March 22, 2011. Transamerica Legg Mason Partners All Cap VP was renamed Transamerica Focus VP on November 20, 2009.
Transamerica Morgan Stanley Mid-Cap Growth VP	Transamerica Van Kampen Mid-Cap Growth VP was renamed Transamerica Morgan Stanley Mid-Cap Growth VP on May 1, 2010.
Transamerica Multi-Managed Balanced VP	Transamerica Balanced VP was renamed Transamerica Multi-Managed Balanced VP on March 22, 2011.
Transamerica Multi-Manager Alternative Strategies VP[2]	N/A
Transamerica PIMCO Tactical - Balanced VP	Transamerica Hanlon Balanced VP was renamed Transamerica PIMCO Tactical – Balanced VP on September 17, 2012.
Transamerica PIMCO Tactical - Conservative VP	Transamerica Hanlon Growth and Income VP was renamed Transamerica PIMCO Tactical – Conservative VP on September 17, 2012.
Transamerica PIMCO Tactical - Growth VP	Transamerica Hanlon Growth VP was renamed Transamerica PIMCO Tactical – Growth VP on September 17, 2012.
Transamerica PIMCO Total Return VP	N/A
Transamerica PineBridge Inflation Opportunities VP	Transamerica PIMCO Real Return TIPS VP was renamed Transamerica PineBridge Inflation Opportunities VP on November 10, 2014.
Transamerica ProFund UltraBear VP	N/A
Transamerica Systematic Small/Mid Cap Value VP	Transamerica Small/Mid Cap Value VP was renamed Transamerica Systematic Small/Mid Cap Value VP on March 22, 2011.
Transamerica T. Rowe Price Small Cap VP	N/A
Transamerica Torray Concentrated Growth VP	Transamerica BNP Paribas Large Cap Growth VP was renamed Transamerica Torray Concentrated Growth on May 1, 2014. Transamerica Multi Managed Large Cap Core VP was renamed Transamerica BNP Paribas Large Cap Growth VP on May 1, 2013. Transamerica Van Kampen Large Cap Core VP was renamed Transamerica Multi Managed Large Cap Core VP on May 1, 2010.
Transamerica TS&W International Equity VP	Transamerica Morgan Stanley Active International Allocation VP was renamed Transamerica TS&W International Equity VP on May 1, 2013. Transamerica Van Kampen Active International Allocation VP was renamed Transamerica Morgan Stanley Active International Allocation VP on May 1, 2010.
Transamerica Vanguard ETF Portfolio - Balanced VP	Transamerica Index 50 VP was renamed Transamerica Vanguard ETF Portfolio – Balanced VP on May 1, 2013.

Portfolio Name	Portfolio Name History
Transamerica Vanguard ETF Portfolio - Conservative VP	Transamerica Index 35 VP was renamed Transamerica Vanguard ETF Portfolio – Conservative VP on May 1, 2013.
Transamerica Vanguard ETF Portfolio - Growth VP	Transamerica Index 75 VP was renamed Transamerica Vanguard ETF Portfolio – Growth VP on May 1, 2013.
Transamerica Voya Balanced Allocation VP[3]	Transamerica ING Balanced Allocation VP was renamed Transamerica Voya Balanced Allocation VP on May 1, 2014
Transamerica Voya Conservative Allocation VP[3]	Transamerica ING Conservative Allocation VP was renamed Transamerica Voya Conservative Allocation VP on May 1, 2014
Transamerica Voya Intermediate Bond VP[3]	Transamerica ING Intermediate Bond Portfolio VP was renamed Transamerica Voya Intermediate Bond VP on May 1, 2014
Transamerica Voya Large Cap Growth VP[3]	Transamerica ING Large Cap Growth VP was renamed Transamerica Voya Large Cap Growth VP on May 1, 2014
Transamerica Voya Limited Maturity Bond VP[3]	Transamerica ING Limited Maturity Bond VP was renamed Transamerica Voya Limited Maturity Bond VP on May 1, 2014
Transamerica Voya Mid Cap Opportunities VP[3]	Transamerica ING Mid Cap Opportunities VP was renamed Transamerica Voya Mid Cap Opportunities VP on May 1, 2014
Transamerica Voya Moderate Growth Allocation VP[3]	Transamerica ING Moderate Growth Allocation VP was renamed Transamerica Voya Moderate Growth Allocation VP on May 1, 2014
Transamerica WMC US Growth VP	Transamerica WMC Diversified Growth VP was renamed Transamerica WMC US Growth VP on July 1, 2014. Transamerica Equity VP was renamed Transamerica WMC Diversified Growth VP on April 9, 2010.
Transamerica WMC US Growth II VP	Transamerica WMC Diversified Growth II VP was renamed Transamerica WMC US Growth II VP on July 1, 2014. Transamerica Equity II VP was renamed Transamerica WMC Diversified Growth II VP on April 9, 2010.

The footnote references below are intended for use as relevant to each applicable table included in this SAI:

[1] Transamerica Market Participation Strategy VP commenced operations on September 17, 2012, and as such, there is no historical information for the fiscal year ended December 31, 2011.

[2] Transamerica Multi-Manager Alternative Strategies VP commenced operations on October 31, 2013, and as such, there is no historical information for the fiscal years ended December 31, 2011 and December 31, 2012.

[3] Transamerica Voya Balanced Allocation VP, Transamerica Voya Conservative Allocation VP, Transamerica Voya Intermediate Bond VP, Transamerica Voya Large Cap Growth VP, Transamerica Voya Limited Maturity Bond VP, Transamerica Voya Mid Cap Opportunities VP and Transamerica Voya Moderate Growth Allocation VP commenced operations on May 1, 2013, and as such, there is no historical information for the fiscal years ended December 31, 2011 and December 31, 2012.

[4] Transamerica BlackRock Global Allocation Managed Risk - Balanced VP and Transamerica BlackRock Global Allocation Managed Risk - Growth VP commenced operations on November 10, 2014, and as such, there is no historical information for the fiscal years ended December 31, 2011, December 31, 2012 and December 31, 2013.

Investment Objectives, Policies, Practices and Associated Risk Factors

The investment objective of each portfolio and the strategies each portfolio employs to achieve its objective are described in each portfolio's prospectus. There can be no assurance that a portfolio will achieve its objective.

State insurance laws and regulations may impose additional limitations on the portfolio's investments, including the portfolio's ability to borrow, lend and use options, futures and other derivative instruments. In addition, such laws and regulations may require that a portfolio's investments meet additional diversification or other requirements.

As indicated in the portfolios' prospectus in the section entitled "Investment Policy and Other Changes", each portfolio's investment objective and, unless otherwise noted, its investment policies and techniques may be changed by the portfolios' Board of Trustees without approval of shareholders. A change in the investment objective or policies of a portfolio may result in the portfolio having an investment objective or policies different from those which a shareholder deemed appropriate at the time of investment.

Investment Policies

Fundamental Investment Policies

Fundamental investment policies of each portfolio may not be changed without the vote of a majority of the outstanding voting securities of the portfolio, defined under the 1940 Act as the lesser of (a) 67% or more of the voting securities of the portfolio present at a shareholder meeting, if the holders of more than 50% of the outstanding voting securities of the portfolio are present or represented by proxy, or (b) more than 50% of the outstanding voting securities of the portfolio.

Each portfolio has adopted, except as otherwise noted, the following fundamental policies:

1. Borrowing

The portfolio may not borrow money, except as permitted under the 1940 Act, and as interpreted, modified or otherwise permitted by regulatory authority having jurisdiction.

2. Underwriting Securities

The portfolio may not engage in the business of underwriting the securities of other issuers except as permitted by the 1940 Act.

3. Making Loans

The portfolio may make loans only as permitted under the 1940 Act, and as interpreted, modified or otherwise permitted by regulatory authority having jurisdiction, from time to time.

4. Senior Securities

The portfolio may not issue any senior security, except as permitted under the 1940 Act, and as interpreted, modified or otherwise permitted from time to time by regulatory authority having jurisdiction.

5. Real Estate

The portfolio may not purchase or sell real estate except as permitted by the 1940 Act.

6. Commodities

The portfolio may not purchase physical commodities or contracts relating to physical commodities, except as permitted from time to time under the 1940 Act, and as interpreted, modified or otherwise permitted by regulatory authority having jurisdiction.

7. Concentration of Investments

The portfolio may not make any investment if, as a result, the portfolio's investments will be concentrated in any one industry, as the relevant terms are used in the 1940 Act, as interpreted or modified by regulatory authority having jurisdiction, from time to time.

The fundamental policy above relating to concentration does not pertain to Transamerica Clarion Global Real Estate Securities VP.

The following fundamental policy pertains to Transamerica Clarion Global Real Estate Securities VP:

The portfolio may not make any investment if, as a result, the portfolio's investments will be concentrated in any one industry, as the relevant terms are used in the 1940 Act, as interpreted or modified by regulatory authority having jurisdiction, from time to time; except that the portfolio will concentrate in securities of issuers in the real estate industry.

Solely for purposes of the above fundamental investment policies, the "1940 Act" shall mean the Investment Company Act of 1940 and the rules and regulations thereunder, all as amended from time to time, or other successor law governing the regulation of investment companies, or interpretations or modifications thereof by the U.S. Securities and Exchange Commission (the "SEC"), SEC staff or other authority, or exemptive or other relief or permission from the SEC, SEC staff or other authority.

Additional Information about Fundamental Investment Policies

The following provides additional information about each portfolio's fundamental investment policies. This information does not form part of the portfolios' fundamental investment policies.

With respect to the fundamental policy relating to borrowing money set forth in (1) above, the 1940 Act permits a portfolio to borrow money in amounts of up to one-third of the portfolio's total assets from banks for any purpose, and to borrow up to 5% of the portfolio's total assets from banks or other lenders for temporary purposes (the portfolio's total assets include the amounts being borrowed). To limit the risks attendant to borrowing, the 1940 Act requires the portfolio to maintain at all times an "asset coverage" of at least 300% of the amount of its borrowings. Asset coverage means the ratio that the value of the portfolio's total assets (including amounts borrowed), minus liabilities other than borrowings, bears to the aggregate amount of all borrowings.

With respect to the fundamental policy relating to underwriting set forth in (2) above, the 1940 Act does not prohibit a portfolio from engaging in the underwriting business or from underwriting the securities of other issuers; in fact, the 1940 Act permits a portfolio to have underwriting commitments of up to 25% of its assets under certain circumstances. Those circumstances currently are that the amount of the portfolio's underwriting commitments, when added to the value of the portfolio's investments in issuers where the portfolio owns more than 10% of the outstanding voting securities of those issuers, cannot exceed the 25% cap. A portfolio engaging in transactions involving the acquisition or disposition of portfolio securities may be considered to be an underwriter under the Securities Act of 1933, as amended (the "1933 Act"). Under the 1933 Act, an underwriter may be liable for material omissions or misstatements in an issuer's registration statement or prospectus. Securities purchased from an issuer and not registered for sale under the 1933 Act are considered restricted securities. If these securities are registered under the 1933 Act, they may then be eligible for sale but participating in the sale may subject the seller to underwriter liability. Although it is not believed that the application of the 1933 Act provisions described above would cause a portfolio to be engaged in the business of underwriting, the policy in (2) above will be interpreted not to prevent the portfolio from engaging in transactions involving the acquisition or disposition of portfolio securities, regardless of whether the portfolio may be considered to be an underwriter under the 1933 Act.

With respect to the fundamental policy relating to lending set forth in (3) above, the 1940 Act does not prohibit a portfolio from making loans; however, SEC staff interpretations currently prohibit funds from lending more than one-third of their total assets. Each portfolio will be permitted by this policy to make loans of money, including to other funds, portfolio securities or other assets. A portfolio would have to obtain exemptive relief from the SEC to make loans of money to other portfolios.

With respect to the fundamental policy relating to issuing senior securities set forth in (4) above, "senior securities" are defined as fund obligations that have a priority over the portfolio's shares with respect to the payment of dividends or the distribution of portfolio assets. The 1940 Act prohibits a portfolio from issuing senior securities, except that the portfolio may borrow money in amounts of up to one-third of the fund's total assets from banks for any purpose. A portfolio also may borrow up to 5% of the portfolio's total assets from banks or other lenders for temporary purposes, and these borrowings are not considered senior securities. The issuance of senior securities by a portfolio can increase the speculative character of the fund's outstanding shares through leveraging.

With respect to the fundamental policy relating to real estate set forth in (5) above, the 1940 Act does not prohibit a portfolio from owning real estate; however, a portfolio is limited in the amount of illiquid assets it may purchase. To the extent that investments in real estate are considered illiquid, the current SEC staff position generally limits a portfolio's purchases of illiquid securities to 15% of net assets. The policy in (5) above will be interpreted not to prevent a portfolio from investing in real estate-related companies, companies whose businesses consist in whole or in part of investing in real estate, MBS instruments (like mortgages) that are secured by real estate or interests therein, or real estate investment trust securities. Investing in real estate may involve risks, including that real estate is generally considered illiquid and may be difficult to value and sell. In addition, owners of real estate may be subject to various liabilities, including environmental liabilities.

With respect to the fundamental policy relating to commodities set forth in (6) above, the 1940 Act does not prohibit a portfolio from owning commodities, whether physical commodities and contracts related to physical commodities (such as oil or grains and related futures contracts), or financial commodities and contracts related to financial commodities (such as currencies and, possibly, currency futures). However, a portfolio is limited in the amount of illiquid assets it may purchase. To the extent that investments in commodities are considered illiquid, the current SEC staff position generally limits a portfolio's purchases of illiquid securities to 15% of net assets.

With respect to the fundamental policy relating to concentration set forth in (7) above, the 1940 Act does not define what constitutes "concentration" in an industry. The SEC staff has taken the position that investment of 25% or more of a portfolio's total assets in one or more issuers conducting their principal activities in the same industry or group of industries constitutes concentration. It is possible that interpretations of concentration could change in the future. The policy in (7) above will be interpreted to refer to concentration as that term may be interpreted from time to time. The policy also will be interpreted to permit investment without limit in the following: securities of the U.S. government and its agencies or instrumentalities; securities of state, territory, possession or municipal governments and their authorities, agencies, instrumentalities or political subdivisions; securities of foreign governments; repurchase agreements collateralized by any such obligations; and counterparties in foreign currency transactions. Accordingly, issuers of the foregoing securities will not be considered to be members of any industry. Under the policy, Transamerica Aegon Money Market VP may invest without limitation in obligations issued by banks. There also will be no limit on investment in issuers domiciled in a single jurisdiction or country. A type of investment will not be considered to be an industry under the policy. The policy also will be interpreted to give broad authority to a portfolio as to how to classify issuers within or among industries.

The portfolios' fundamental policies are written and will be interpreted broadly. For example, the policies will be interpreted to refer to the 1940 Act and the related rules as they are in effect from time to time, and to interpretations and modifications of or relating to the 1940 Act by the SEC, its staff and others as they are given from time to time. When a policy provides that an investment practice may be conducted as permitted by the 1940 Act, the practice will be considered to be permitted if either the 1940 Act permits the practice or the 1940 Act does not prohibit the practice.

Except for the fundamental policy on borrowing set forth in (1) above, if any percentage restriction described above is complied with at the time of an investment, a later increase or decrease in the percentage resulting from a change in values or assets will not constitute a violation of such restriction.

The investment practices described above involve risks. Please see your portfolio's prospectus and this SAI for a description of certain of these risks.

Non-Fundamental Policies

Certain portfolios have adopted the following non-fundamental policies, which may be changed by the Board of Trustees of the Trust without shareholder approval.

Transamerica Aegon High Yield Bond VP

(A) The portfolio may not invest more than 15% of its net assets in illiquid securities. This does not include securities eligible for resale pursuant to Rule 144A under the Securities Act or any other securities as to which a determination as to liquidity has been made pursuant to guidelines adopted by the Board of Trustees, as permitted under the 1940 Act.

(B) The portfolio may not invest in companies for the purpose of exercising control or management.

(C) The portfolio may not purchase securities on margin, except (i) for use of short-term credit necessary for clearance of purchases of portfolio securities; and (ii) it may make margin deposits in connection with futures contracts or other permissible investments.

(D) The portfolio may not mortgage, pledge, hypothecate or, in any manner, transfer any security owned by the portfolio as security for indebtedness except as may be necessary in connection with permissible borrowings or investments, provided, however, that such mortgaging, pledging or hypothecating may not exceed 33⅓% of the portfolio's total assets at the time of borrowing or investment.

(E) The portfolio may not sell securities short, except short sales "against the box."

(F) Under normal circumstances, the portfolio will invest at least 80% of its assets (defined as net assets plus the amount of any borrowing for investment purposes) in certain securities as indicated in the current prospectus. (See the prospectus for a detailed discussion of the portfolio's investments.) Shareholders will be provided with at least 60 days' prior written notice of any changes in the 80% investment policy. Such notice will comply with the conditions set forth in any applicable SEC rule then in effect.

Transamerica Aegon Money Market VP

(A) The portfolio may not mortgage or pledge any securities owned or held by the portfolio in amounts that exceed, in the aggregate, 15% of the portfolio's net assets, provided that this limitation does not apply to reverse repurchase agreements or the segregation of assets in connection with such transactions.

(B) The portfolio may not sell securities short, unless it owns or has the right to obtain securities equivalent in kind and amount to the securities sold short.

(C) The portfolio may not purchase securities on margin, except that the portfolio may obtain such short-term credits as are necessary for the clearance of transactions.

(D) The portfolio may not invest more than 5% of its total assets in illiquid securities. This does not include securities eligible for resale pursuant to Rule 144A under the Securities Act or any securities for which the Board of Trustees or the Sub-Adviser has made a determination of liquidity, as permitted under the 1940 Act.

(E) The portfolio may not (i) purchase securities of other investment companies, except in the open market where no commission except the ordinary broker's commission is paid, or (ii) purchase or retain securities issued by other open-end investment companies. Restrictions (i) and (ii) do not apply to securities received as dividends, through offers to exchange, or as a result of reorganization, consolidation, or merger.

(F) The portfolio may not invest in companies for the purpose of exercising control or management.

(G) The portfolio may not invest in oil, gas or other mineral exploration or development programs, although it may invest in the marketable securities of companies that invest in or sponsor such programs.

Except with respect to borrowing money, if a percentage limitation set forth above in the investment restrictions for each portfolio is complied with at the time of the investment, a subsequent change in the percentage resulting from any change in value of a portfolio's net assets will not result in a violation of such restriction. State laws and regulations may impose additional limitations on borrowing, lending, and the use of options, futures, and other derivative instruments. In addition, such laws and regulations may require a portfolio's investments in foreign securities to meet additional diversification and other requirements.

Transamerica Aegon U.S. Government Securities VP

(A) The portfolio may not invest more than 15% of its net assets in illiquid securities. This does not include securities eligible for resale pursuant to Rule 144A under the Securities Act or any other securities as to which a determination as to liquidity has been made pursuant to guidelines adopted by the Board of Trustees, as permitted under the 1940 Act.

(B) The portfolio may not invest in companies for the purpose of exercising control or management.

(C) The portfolio may not purchase securities on margin, except (i) for use of short-term credit necessary for clearance of purchases of portfolio securities; and (ii) it may make margin deposits in connection with futures contracts or other permissible investments.

(D) The portfolio may not mortgage, pledge, hypothecate or, in any manner, transfer any security owned by the portfolio as security for indebtedness except as may be necessary in connection with permissible borrowings or investments, provided, however, that such mortgaging, pledging or hypothecating may not exceed 33⅓% of the portfolio's total assets at the time of borrowing or investment.

(E) The portfolio may not sell securities short, except short sales "against the box."

Transamerica AllianceBernstein Dynamic Allocation VP

(A) The portfolio may not invest more than 15% of its net assets in illiquid securities. This does not include securities eligible for resale pursuant to Rule 144A under the Securities Act or any other securities as to which a determination as to liquidity has been made pursuant to guidelines adopted by the Board of Trustees as permitted under the 1940 Act.

(B) The portfolio may not sell securities short, except short sales "against the box" which includes underlying stocks of convertible securities.

(C) The portfolio may not invest in interests in oil, gas or other mineral development or exploration programs although it may invest in the marketable securities of companies that invest in or sponsor such programs.

(D) The portfolio may not invest for purposes of exercising control or management.

(E) The portfolio may not mortgage or pledge any securities owned or held by the portfolio in amounts that exceed, in the aggregate, 15% of the portfolio's net assets, provided that this limitation does not apply to reverse repurchase agreements or the segregation of assets in connection with such transactions.

Transamerica Asset Allocation – Conservative VP

(A) The portfolio may not invest more than 15% of its net assets in illiquid securities. This does not include securities eligible for resale pursuant to Rule 144A under the Securities Act or any other securities as to which a determination as to liquidity has been made pursuant to guidelines adopted by the Board of Trustees as permitted under the 1940 Act.

(B) The portfolio may not sell securities short, except short sales "against the box."

(C) The portfolio may not purchase securities on margin, except to obtain such short-term credits as are necessary for the clearance of transactions, and provided that margin payments in connection with futures contracts and options on futures contracts shall not constitute purchasing securities on margin.

(D) The portfolio may not mortgage or pledge any securities owned or held by the portfolio in amounts that exceed, in the aggregate, 15% of the portfolio's net assets, provided that this limitation does not apply to reverse repurchase agreements or in the case of assets deposited to provide margin or guarantee positions in options, futures contracts, swaps, forward contracts or other derivative instruments or the segregation of assets in connection with such transactions.

(E) The portfolio may not invest for purposes of exercising control or management.

(F) The portfolio may not invest in interests in oil, gas or other mineral development or exploration programs although it may invest in the marketable securities of companies that invest in or sponsor such programs.

Transamerica Asset Allocation – Growth VP

(A) The portfolio may not invest more than 15% of its net assets in illiquid securities. This does not include securities eligible for resale pursuant to Rule 144A under the Securities Act or any other securities as to which a determination as to liquidity has been made pursuant to guidelines adopted by the Board of Trustees as permitted under the 1940 Act.

(B) The portfolio may not sell securities short, except short sales "against the box."

(C) The portfolio may not purchase securities on margin, except to obtain such short-term credits as are necessary for the clearance of transactions, and provided that margin payments in connection with futures contracts and options on futures contracts shall not constitute purchasing securities on margin.

(D) The portfolio may not mortgage or pledge any securities owned or held by the portfolio in amounts that exceed, in the aggregate, 15% of the portfolio's net assets, provided that this limitation does not apply to reverse repurchase agreements or in the case of assets deposited to provide margin or guarantee positions in options, futures contracts, swaps, forward contracts or other derivative instruments or the segregation of assets in connection with such transactions.

(E) The portfolio may not invest for purposes of exercising control or management.

(F) The portfolio may not invest in interests in oil, gas or other mineral development or exploration programs although it may invest in the marketable securities of companies that invest in or sponsor such programs.

Transamerica Asset Allocation – Moderate Growth VP

(A) The portfolio may not invest more than 15% of its net assets in illiquid securities. This does not include securities eligible for resale pursuant to Rule 144A under the Securities Act or any other securities as to which a determination as to liquidity has been made pursuant to guidelines adopted by the Board of Trustees as permitted under the 1940 Act.

(B) The portfolio may not sell securities short, except short sales "against the box."

(C) The portfolio may not purchase securities on margin, except to obtain such short-term credits as are necessary for the clearance of transactions, and provided that margin payments in connection with futures contracts and options on futures contracts shall not constitute purchasing securities on margin.

(D) The portfolio may not mortgage or pledge any securities owned or held by the portfolio in amounts that exceed, in the aggregate, 15% of the portfolio's net assets, provided that this limitation does not apply to reverse repurchase agreements or in the case of assets deposited to provide margin or guarantee positions in options, futures contracts, swaps, forward contracts or other derivative instruments or the segregation of assets in connection with such transactions.

(E) The portfolio may not invest for purposes of exercising control or management.

(F) The portfolio may not invest in interests in oil, gas or other mineral development or exploration programs although it may invest in the marketable securities of companies that invest in or sponsor such programs.

Transamerica Asset Allocation – Moderate VP

(A) The portfolio may not invest more than 15% of its net assets in illiquid securities. This does not include securities eligible for resale pursuant to Rule 144A under the Securities Act or any other securities as to which a determination as to liquidity has been made pursuant to guidelines adopted by the Board of Trustees as permitted under the 1940 Act.

(B) The portfolio may not sell securities short, except short sales "against the box."

(C) The portfolio may not purchase securities on margin, except to obtain such short-term credits as are necessary for the clearance of transactions, and provided that margin payments in connection with futures contracts and options on futures contracts shall not constitute purchasing securities on margin.

(D) The portfolio may not mortgage or pledge any securities owned or held by the portfolio in amounts that exceed, in the aggregate, 15% of the portfolio's net assets, provided that this limitation does not apply to reverse repurchase agreements or in the case of assets deposited to provide margin or guarantee positions in options, futures contracts, swaps, forward contracts or other derivative instruments or the segregation of assets in connection with such transactions.

(E) The portfolio may not invest for purposes of exercising control or management.

(F) The portfolio may not invest in interests in oil, gas or other mineral development or exploration programs although it may invest in the marketable securities of companies that invest in or sponsor such programs.

Transamerica Barrow Hanley Dividend Focused VP

(A) The portfolio may not purchase on margin or sell short.

(B) The portfolio may not invest more than an aggregate of 15% of the net assets of the portfolio, determined at the time of investment, in illiquid securities, subject to legal or contractual restrictions on resale or securities for which there are no readily available markets.

(C) The portfolio may not invest in companies for the purpose of exercising control or management.

(D) The portfolio may not pledge, mortgage or hypothecate any of its assets to an extent greater than 10% of its total assets at fair market value.

In addition, the portfolio may invest up to 10% of its assets in securities of companies organized under the laws of countries other than the United States that are traded on foreign securities exchanges or in the foreign over-the-counter markets, including securities of foreign issuers that are represented by American Depositary Receipts (ADRs). Securities of foreign issuers that are represented by ADRs or that are listed on a U.S. over-the-counter market are considered "foreign securities" for the purpose of the portfolio's investment allocations. The portfolio generally limits its foreign securities investments to ADRs of issuers in developed countries.

Transamerica Clarion Global Real Estate Securities VP

(A) The portfolio may not (i) enter into any futures contracts or options on futures contracts for purposes other than bona fide hedging transactions within the meaning of Commodity Futures Trading Commission regulations if the aggregate initial margin deposits and premiums required to establish positions in futures contracts and related options that do not fall within the definition of bona fide hedging transactions would exceed 5% of the fair market value of the portfolio's net assets, after taking into account unrealized profits and losses on such contracts it has entered into and (ii) enter into any futures contracts or options on futures contracts if the aggregate amount of the portfolio's commitments under outstanding futures contracts positions and options on futures contracts would exceed the market value of its total assets.

(B) The portfolio may not sell securities short, unless it owns or has the right to obtain securities equivalent in kind and amount to the securities sold short and provided that transactions in options, futures contracts, swaps, forward contracts and other derivative instruments are not deemed to constitute selling securities short.

(C) The portfolio may not purchase securities on margin, except that the portfolio may obtain such short-term credits as are necessary for the clearance of transactions, provided that margin payments and other deposits in connection with transactions in options, futures contracts, swaps and forward contracts and other derivative instruments shall not be deemed to constitute purchasing securities on margin.

(D) The portfolio may not purchase securities of other investment companies, other than a security acquired in connection with a merger, consolidation, acquisition, reorganization or offer of exchange and except as otherwise permitted under the 1940 Act.

(E) The portfolio may not invest more than 15% of its net assets in illiquid securities. This does not include securities eligible for resale pursuant to Rule 144A under the Securities Act or any other securities as to which a determination as to liquidity has been made pursuant to guidelines adopted by the Board of Trustees, as permitted under the 1940 Act.

(F) The portfolio may not invest in companies for the purpose of exercising control or management.

(G) Under normal circumstances, the portfolio will invest at least 80% of its assets (defined as net assets plus the amount of any borrowings for investment purposes) in certain securities as indicated in the current prospectus. (See the prospectus for a detailed discussion of the portfolio's investments.) Shareholders will be provided with at least 60 days' prior written notice of any changes in the 80% investment policy. Such notice will comply with the conditions set forth in any applicable SEC rule then in effect.

Transamerica International Moderate Growth VP

(A) The portfolio may not invest more than 15% of its net assets in illiquid securities. This does not include securities eligible for resale pursuant to Rule 144A under the Securities Act or any other securities as to which a determination as to liquidity has been made pursuant to guidelines adopted by the Board of Trustees as permitted under the 1940 Act.

(B) The portfolio may not sell securities short, except short sales "against the box."

(C) The portfolio may not purchase securities on margin, except to obtain such short-term credits as are necessary for the clearance of transactions, and provided that margin payments in connection with futures contracts and options on futures contracts shall not constitute purchasing securities on margin.

(D) The portfolio may not mortgage or pledge any securities owned or held by the portfolio in amounts that exceed, in the aggregate, 15% of the portfolio's net assets, provided that this limitation does not apply to reverse repurchase agreements or in the case of assets deposited to provide margin or guarantee positions in options, futures contracts, swaps, forward contracts or other derivative instruments or the segregation of assets in connection with such transactions.

(E) The portfolio may not invest for purposes of exercising control or management.

Transamerica Jennison Growth VP

(A) The portfolio may not invest more than 15% of its net assets in illiquid securities. This does not include securities eligible for resale pursuant to Rule 144A under the Securities Act or any other securities as to which a determination as to liquidity has been made pursuant to guidelines adopted by the Board of Trustees, as permitted under the 1940.

(B) The portfolio may not invest in companies for the purpose of exercising control or management.

(C) The portfolio may not purchase securities on margin, except (i) for use of short-term credit necessary for clearance of purchases of portfolio securities; and (ii) it may make margin deposits in connection with futures contracts or other permissible investments.

(D) The portfolio may not mortgage, pledge, hypothecate or, in any manner, transfer any security owned by the portfolio as security for indebtedness except as may be necessary in connection with permissible borrowings or investments, provided, however, that such mortgaging, pledging or hypothecating may not exceed 33⅓% of the portfolio's total assets at the time of borrowing or investment.

Transamerica JPMorgan Core Bond VP

(A) The portfolio may not, as a matter of non-fundamental policy: (i) enter into any futures contracts or options on futures contracts for purposes other than bona fide hedging transactions within the meaning of Commodity Futures Trading Commission regulations if the aggregate initial margin deposits and premiums required to establish positions in futures contracts and related options that do not fall within the definition of bona fide hedging transactions would exceed 5% of the fair market value of the portfolio's net assets, after taking into account unrealized profits and losses on such contracts it has entered into and (ii) enter into any futures contracts or options on futures contracts if the aggregate amount of the portfolio's commitments under outstanding futures contracts positions and options on futures contracts would exceed the market value of its total assets.

(B) The portfolio may not mortgage or pledge any securities owned or held by the portfolio in amounts that exceed, in the aggregate, 15% of the portfolio's net assets, provided that this limitation does not apply to reverse repurchase agreements or in the case of assets deposited to provide margin or guarantee positions in options, futures contracts, swaps, forward contracts or other derivative instruments or the segregation of assets in connection with such transactions.

(C) The portfolio may not sell securities short, unless it owns or has the right to obtain securities equivalent in kind and amount to the securities sold short, and provided that transactions in options, futures contracts, swaps, forward contracts and other derivative instruments are not deemed to constitute selling securities short.

(D) The portfolio may not purchase securities on margin, except that a portfolio may obtain such short-term credits as are necessary for the clearance of transactions, and provided that margin payments and other deposits made in connection with transactions in options, futures contracts, swaps, forward contracts, and other derivative instruments shall not be deemed to constitute purchasing securities on margin.

(E) The portfolio may not invest more than 15% of its net assets in illiquid securities. This does not include securities eligible for resale pursuant to Rule 144A under the Securities Act or any securities for which the Board of Trustees or the Sub-Adviser has made a determination of liquidity, as permitted under the 1940 Act.

(F) The portfolio may not (i) purchase securities of other investment companies, except in the open market where no commission except the ordinary broker's commission is paid, or (ii) purchase or retain securities issued by other open-end investment companies. Restrictions (i) and (ii) do not apply to money market portfolios or to securities received as dividends, through offers to exchange, or as a result of reorganization, consolidation, or merger. If the portfolio invests in a money market portfolio, the Investment Adviser will reduce its advisory fee by the amount of any investment advisory or administrative service fees paid to the investment manager of the money market portfolio.

(G) The portfolio may not invest more than 25% of its net assets at the time of purchase in the securities of foreign issuers and obligors.

(H) The portfolio may not invest in companies for the purpose of exercising control or management.

(I) Under normal circumstances, the portfolio will invest at least 80% of its assets (defined as net assets plus the amount of any borrowings for investment purposes) in certain securities as indicated in the current prospectus. (See the prospectus for a detailed discussion of the portfolio's investments.) Shareholders will be provided with at least 60 days' prior written notice of any changes in the 80% investment policy. Such notice will comply with the conditions set forth in any applicable SEC rule then in effect.

Transamerica JPMorgan Enhanced Index VP

(A) The portfolio may not invest more than 15% of its net assets in illiquid securities. This does not include securities eligible for resale pursuant to Rule 144A under the Securities Act or any other securities as to which a determination as to liquidity has been made pursuant to guidelines adopted by the Board of Trustees, as permitted under the 1940 Act.

(B) The portfolio may not invest in companies for the purpose of exercising control or management.

(C) The portfolio may not purchase securities on margin, except (i) for use of short-term credit necessary for clearance of purchases of portfolio securities; and (ii) it may make margin deposits in connection with futures contracts or other permissible investments.

(D) The portfolio may not mortgage, pledge, hypothecate or, in any manner, transfer any security owned by the portfolio as security for indebtedness except as may be necessary in connection with permissible borrowings or investments and then such mortgaging, pledging or hypothecating may not exceed 33⅓% of the portfolio's total assets at the time of borrowing or investment.

(E) The portfolio may not sell securities short, except short sales "against the box."

Transamerica JPMorgan Mid Cap Value VP

(A) The portfolio shall not sell securities short, unless it owns or has the right to obtain securities equivalent in kind and amount to the securities sold short, and provided that transactions in futures contracts and options are not deemed to constitute selling short.

(B) The portfolio shall not purchase securities on margin, except that the portfolio may obtain such short-term credits as are necessary for the clearance of transactions, and provided that margin payments in connection with futures contracts and options on futures contracts shall not constitute purchasing securities on margin.

(C) The portfolio will invest no more than 15% of the value of its net assets in illiquid securities, including repurchase agreements with remaining maturities in excess of seven days, time deposits with maturities in excess of seven days and other securities which are not readily marketable. For purposes of this limitation, illiquid securities shall not include Section 4(2) paper and securities which may be resold under Rule 144A under the Securities Act, provided the Board of Trustees, or its delegate, determines that such securities are liquid based upon the trading market for the specific security.

(D) The portfolio may not invest in securities of other investment companies, except as they may be acquired as part of a merger, consolidation or acquisition of assets and except to the extent otherwise permitted by the 1940 Act.

(E) Under normal circumstances, the portfolio will invest at least 80% of its assets (defined as net assets plus the amount of any borrowings for investment purposes) in certain securities as indicated in the current prospectus. (See the prospectus for a detailed discussion of the portfolio's investments.) Shareholders will be provided with at least 60 days' prior written notice of any changes in the 80% investment policy. Such notice will comply with the conditions set forth in any applicable SEC rule then in effect.

Transamerica MFS International Equity VP

(A) The portfolio may not purchase additional investment securities at any time during which outstanding borrowings exceed 5% of the total assets of the portfolio.

(B) The portfolio may not purchase any security or enter into a repurchase agreement if, as a result, more than 15% of its net assets would be invested in illiquid securities. Illiquid securities include repurchase agreements not entitling the holder to payment of principal and interest within seven days, and securities that are illiquid by virtue of legal or contractual restrictions on resale or the absence of a readily available market.

(C) The portfolio may not sell securities short, except short sales "against the box."

(D) The portfolio may not purchase securities on margin, except to obtain such short-term credits as are necessary for the clearance of transactions, and provided that margin payments in connection with futures contracts shall not constitute purchasing securities on margin.

(E) The portfolio may enter into futures contracts and write and buy put and call options relating to futures contracts. The portfolio may not, however, enter into leveraged futures transactions if it would be possible for the portfolio to lose more money than it invested.

(F) The portfolio may invest a portion of its assets in the securities of issuers with limited operating histories. An issuer is considered to have a limited operating history if that issuer has a record of less than three years of continuous operation. Periods of capital formation, incubation, consolidations, and research and development may be considered in determining whether a particular issuer has a record of three years of continuous operation.

(G) The portfolio may not invest for purposes of exercising control.

Transamerica Morgan Stanley Mid-Cap Growth VP

(A) The portfolio may not sell securities short, unless it owns or has the right to obtain securities equivalent in kind and amount to the securities sold short, provided that margin payments and other deposits in connection with transactions in options, futures contracts and options on futures contracts shall not be deemed to constitute selling securities short.

(B) The portfolio may not purchase securities on margin, except that the portfolio may obtain such short-term credits as are necessary for the clearance of transactions and that margin payments and other deposits in connection with transactions in options, futures contracts and options on futures contracts shall not be deemed to constitute purchasing securities on margin.

(C) The portfolio may not (i) purchase securities of other investment companies, except in the open market where no commission except the ordinary broker's commission is paid, or (ii) purchase or retain securities issued by other open-end investment companies. Limitations (i) and (ii) do not apply to money market funds or to securities received as dividends, through offers of exchange, or as a result of a consolidation, merger or other reorganization.

(D) The portfolio may not mortgage or pledge any securities owned or held by the portfolio in amounts that exceed, in the aggregate, 15% of the portfolio's net assets, provided that this limitation does not apply in the case of assets deposited to provide margin or guarantee positions in options, futures contracts and options on futures contracts or the segregation of assets in connection with such contracts.

(E) The portfolio may not invest more than 15% of its net assets in illiquid securities. This does not include securities eligible for resale pursuant to Rule 144A under the Securities Act or any other securities as to which the Board of Trustees has made a determination as to liquidity, as permitted under the 1940 Act.

(F) The portfolio may not invest in companies for the purpose of exercising control or management.

(G) The portfolio may not invest in securities of foreign issuers denominated in foreign currency and not publicly traded in the United States if at the time of acquisition more than 25% of the portfolio's total assets would be invested in such securities.

Transamerica PIMCO Total Return VP

(A) The portfolio may not invest more than 15% of its net assets in illiquid securities. This does not include securities eligible for resale pursuant to Rule 144A under the Securities Act or any other securities as to which a determination as to liquidity has been made pursuant to guidelines adopted by the Board of Trustees as permitted under the 1940 Act. A sub-adviser determines whether a particular security is deemed to be liquid based on the trading markets for the specific security and other factors.

(B) The portfolio may not sell securities short, except short sales "against the box."

(C) The portfolio may not purchase securities on margin, except to obtain such short-term credits as are necessary for the clearance of transactions, and provided that margin payments in connection with futures contracts and options on futures contracts shall not constitute purchasing securities on margin.

(D) The portfolio may enter into futures contracts and write and buy put and call options relating to futures contracts.

(E) The portfolio may not invest in interests in oil, gas or other mineral development or exploration programs although it may invest in the marketable securities of companies that invest in or sponsor such programs.

(F) The portfolio may not invest for purposes of exercising control or management.

Transamerica PineBridge Inflation Opportunities VP

(A) The portfolio may not invest more than 15% of its net assets in illiquid securities. This does not include securities eligible for resale pursuant to Rule 144A under the Securities Act or any other securities as to which a determination as to liquidity has been made pursuant to guidelines adopted by the Board of Trustees as permitted under the 1940 Act. A sub-adviser determines whether a particular security is deemed to be liquid based on the trading markets for the specific security and other factors.

(B) The portfolio may not sell securities short, except short sales "against the box."

(C) The portfolio may not purchase securities on margin, except to obtain such short-term credits as are necessary for the clearance of transactions, and provided that margin payments in connection with futures contracts and options on futures contracts shall not constitute purchasing securities on margin.

(D) The portfolio may not invest in interests in oil, gas or other mineral development or exploration programs although it may invest in the marketable securities of companies that invest in or sponsor such programs.

(E) The portfolio may not invest for purposes of exercising control or management.

Transamerica T. Rowe Price Small Cap VP

(A) The portfolio may not purchase additional securities when money borrowed exceeds 5% of its total assets. This restriction shall not apply to temporary borrowings until the portfolio's net assets exceed $40,000,000.

(B) The portfolio may not purchase a futures contract or an option thereon, if, with respect to positions in futures or options on futures that do not represent bona fide hedging, the aggregate initial margin and premiums on such options would exceed 5% of the portfolio's net asset value.

(C) The portfolio may not invest more than 15% of its net assets in illiquid securities. This does not include securities eligible for resale pursuant to Rule 144A under the Securities Act or any other securities as to which a determination as to liquidity has been made pursuant to guidelines adopted by the Board of Trustees, as permitted under the 1940 Act.

(D) The portfolio may not invest in companies for the purpose of exercising control or management.

(E) The portfolio may not purchase securities of open-end or closed-end investment companies except (i) in compliance with the 1940 Act; or (ii) securities of the T. Rowe Price Reserve Investment or Government Reserve Investment Funds.

(F) The portfolio may not purchase securities on margin, except (i) for use of short-term credit necessary for clearance of purchases of portfolio securities; and (ii) it may make margin deposits in connection with futures contracts or other permissible investments.

(G) The portfolio may not mortgage, pledge, hypothecate or, in any manner, transfer any security owned by the portfolio as security for indebtedness except as may be necessary in connection with permissible borrowings or investments, provided, however, that such mortgaging, pledging or hypothecating may not exceed 33⅓% of the portfolio's total assets at the time of borrowing or investment.

(H) The portfolio may not sell securities short, except short sales "against the box."

(I) Under normal circumstances, the portfolio will invest at least 80% of its assets (defined as net assets plus the amount of any borrowings for investment purposes) in certain securities as indicated in the current prospectus. (See the prospectus for a detailed discussion of the portfolio's investments.) Shareholders will be provided with at least 60 days' prior written notice of any changes in the 80% investment policy. Such notice will comply with the conditions set forth in any applicable SEC rule then in effect.

Transamerica Torray Concentrated Growth VP

(A) The portfolio may not invest more than 15% of its net assets in illiquid securities. This does not include securities eligible for resale pursuant to Rule 144A under the Securities Act or any other securities as to which a determination as to liquidity has been made pursuant to guidelines adopted by the Board of Trustees, as permitted under the 1940 Act.

(B) The portfolio may not invest in companies for the purpose of exercising control or management.

(C) The portfolio may not purchase securities on margin, except (i) for use of short-term credit necessary for clearance of purchases of portfolio securities; and (ii) it may make margin deposits in connection with futures contracts or other permissible investments.

(D) The portfolio may not sell securities short, except short sales "against the box."

Transamerica TS&W International Equity VP

(A) The portfolio may not invest more than 15% of its net assets in illiquid securities. This does not include securities eligible for resale pursuant to Rule 144A under the Securities Act or any other securities as to which a determination as to liquidity has been made pursuant to guidelines adopted by the Board of Trustees, as permitted under the 1940 Act.

(B) The portfolio may not invest in companies for the purpose of exercising control or management.

(C) The portfolio may not purchase securities on margin, except (i) for use of short-term credit necessary for clearance of purchases of portfolio securities; and (ii) it may make margin deposits in connection with futures contracts or other permissible investments.

(D) The portfolio may not sell securities short, except short sales "against the box."

Transamerica Vanguard ETF Portfolio - Balanced VP

(A) The portfolio may not invest more than 15% of its net assets in illiquid securities. This does not include securities eligible for resale pursuant to Rule 144A under the Securities Act or any other securities as to which a determination as to liquidity has been made pursuant to guidelines adopted by the Board of Trustees as permitted under the 1940 Act.

(B) The portfolio may not sell securities short, except short sales "against the box."

(C) The portfolio may not purchase securities on margin, except to obtain such short-term credits as are necessary for the clearance of transactions, and provided that margin payments in connection with futures contracts and options on futures contracts shall not constitute purchasing securities on margin.

Transamerica Vanguard ETF Portfolio - Conservative VP

(A) The portfolio may not invest more than 15% of its net assets in illiquid securities. This does not include securities eligible for resale pursuant to Rule 144A under the Securities Act or any other securities as to which a determination as to liquidity has been made pursuant to guidelines adopted by the Board of Trustees as permitted under the 1940 Act.

(B) The portfolio may not sell securities short, except short sales "against the box."

(C) The portfolio may not purchase securities on margin, except to obtain such short-term credits as are necessary for the clearance of transactions, and provided that margin payments in connection with futures contracts and options on futures contracts shall not constitute purchasing securities on margin.

Transamerica Vanguard ETF Portfolio - Growth VP

(A) The portfolio may not invest more than 15% of its net assets in illiquid securities. This does not include securities eligible for resale pursuant to Rule 144A under the Securities Act or any other securities as to which a determination as to liquidity has been made pursuant to guidelines adopted by the Board of Trustees as permitted under the 1940 Act.

(B) The portfolio may not sell securities short, except short sales "against the box."

(C) The portfolio may not purchase securities on margin, except to obtain such short-term credits as are necessary for the clearance of transactions, and provided that margin payments in connection with futures contracts and options on futures contracts shall not constitute purchasing securities on margin.

Transamerica WMC US Growth VP

(A) The portfolio may not purchase securities of other investment companies, other than a security acquired in connection with a merger, consolidation, acquisition, reorganization or offer of exchange and except as permitted under the 1940 Act if as a result of the purchase: (a) more than 10% of the value of the portfolio's total assets would be invested in the securities of investment companies; (b) more than 5% of the value of the portfolio's total assets would be invested in the securities of any one investment company; or (c) the portfolio would own more than 3% of the total outstanding voting securities of any investment company.

(B) The portfolio may not invest in companies for the purposes of exercising control or management.

(C) Under normal circumstances, the portfolio will invest at least 80% of its assets (defined as net assets plus the amount of any borrowings for investment purposes) in certain securities as indicated in the current prospectus. (See the prospectus for a detailed discussion of the portfolio's investments.) Shareholders will be provided with at least 60 days' prior written notice of any changes in the 80% investment policy. Such notice will comply with the conditions set forth in any applicable SEC rule then in effect.

(D) Make short sales of securities or maintain a short position unless, at all times when a short position is open, the portfolio owns an equal amount of the securities or securities convertible into or exchangeable for, without payment of any further consideration, securities of the same issue as, and equal in amount to, the securities sold short.

(E) Purchase securities on margin, except that the portfolio may obtain any short-term credits necessary for the clearance of purchases and sales of securities. For purposes of this restriction, the deposit or payment of initial or variation margin in connection with futures contracts, financial futures contracts or related options, and options on securities, and options on securities indexes will not be deemed to be a purchase of securities on margin by the portfolio.

In addition to the above, as a fundamental policy, the portfolio may, notwithstanding any other investment policy or limitation (whether or not fundamental), invest all of its assets in the securities of a single open-end management investment company with substantially the same fundamental investment objectives, policies and limitations as such portfolio (which might result in duplication of certain fees and expenses).

Transamerica WMC US Growth II VP

(A) The portfolio may not purchase securities of other investment companies, other than a security acquired in connection with a merger, consolidation, acquisition, reorganization or offer of exchange and except as permitted under the 1940 Act if as a result of the purchase: (a) more than 10% of the value of the portfolio's total assets would be invested in the securities of investment companies; (b) more than 5% of the value of the portfolio's total assets would be invested in the securities of any one investment company; or (c) the portfolio would own more than 3% of the total outstanding voting securities of any investment company.

(B) The portfolio may not invest in companies for the purposes of exercising control or management.

(C) Under normal circumstances, the portfolio will invest at least 80% of its assets (defined as net assets plus the amount of any borrowings for investment purposes) in certain securities as indicated in the current prospectus. (See the prospectus for a detailed discussion of the portfolio's investments.) Shareholders will be provided with at least 60 days' prior written notice of any changes in the 80% investment policy. Such notice will comply with the conditions set forth in any applicable SEC rule then in effect.

(D) Make short sales of securities or maintain a short position unless, at all times when a short position is open, the portfolio owns an equal amount of the securities or securities convertible into or exchangeable for, without payment of any further consideration, securities of the same issue as, and equal in amount to, the securities sold short.

(E) Purchase securities on margin, except that the portfolio may obtain any short-term credits necessary for the clearance of purchases and sales of securities. For purposes of this restriction, the deposit or payment of initial or variation margin in connection with futures contracts, financial futures contracts or related options, and options on securities, and options on securities indexes will not be deemed to be a purchase of securities on margin by the portfolio.

In addition to the above, as a fundamental policy, the portfolio may, notwithstanding any other investment policy or limitation (whether or not fundamental), invest all of its assets in the securities of a single open-end management investment company with substantially the same fundamental investment objectives, policies and limitations as such portfolio (which might result in duplication of certain fees and expenses).

Additional Information Regarding Investment Practices

Each portfolio's principal investment strategies are set forth in its prospectus.

This section further explains policies and strategies utilized by the portfolios. Please refer to each portfolio's prospectus and investment restrictions for the policies and strategies pertinent to a particular portfolio.

Each portfolio also has its own fees and expenses. Please refer to your specific portfolio's prospectus and this SAI for the information concerning your portfolio.

Unless otherwise indicated, all limitations applicable to portfolio investments (as stated in the prospectus and elsewhere in this SAI) apply only at the time a transaction is entered into. If a percentage limitation is complied with at the time of an investment, any subsequent change in percentage resulting from a change in values or assets, or a change in credit quality, will not constitute a violation of that limitation. There is no limit on the ability of a portfolio to make any type of investment or to invest in any type of security, except as expressly stated in the prospectus or in this SAI or as imposed by law.

Recent Market Events

The global financial crisis that began in 2008 has caused a significant decline in the value and liquidity of many securities and unprecedented volatility in the markets. Some events that have contributed to ongoing and systemic market risks include: the falling values of some sovereign debt and related investments, scarcity of credit and high public debt. Governmental and nongovernmental issuers (notably in Europe) have defaulted on, or been forced to restructure their debts; and many other issuers have faced difficulties obtaining credit or refinancing existing obligations. These market conditions may continue, worsen or spread, including in the United States, Europe and elsewhere. Further defaults or restructurings by governments and others of their debt could have additional adverse effects on economies, financial markets and asset valuations around the world.

In response to the crisis, the U.S. government and the Federal Reserve, as well as certain foreign governments and their central banks have taken steps to support financial markets, including by keeping interest rates low. The withdrawal of this support, failure of efforts in response to the crisis, or investor perception that such efforts are not succeeding could negatively affect financial markets generally as well as reduce the value and liquidity of certain securities. This environment could make identifying investment risks and opportunities especially difficult for the Investment Adviser, sub-adviser and/or Portfolio Construction Manager. Whether or not the portfolio invests in securities of issuers located in or with significant exposure to countries experiencing economic or financial difficulties, the value and liquidity of the portfolio's investments may be negatively affected. In addition, policy and legislative changes within the United States and in other countries are affecting many aspects of financial regulation. The impact of these changes on the market participants may not be fully known for some time.

Europe: A number of countries in Europe have experienced severe economic and financial difficulties. Many non-governmental issuers, and even certain governments, have defaulted on, or been forced to restructure, their debts; many other issuers have faced difficulties obtaining credit or refinancing existing obligations; financial institutions have in many cases required government or central bank support, have needed to raise capital, and/or have been impaired in their ability to extend credit; and financial markets in Europe and elsewhere have experienced extreme volatility and declines in asset values and liquidity. These difficulties may continue, worsen or spread within and without Europe. Responses to the financial problems by European governments, central banks and others, including austerity measures and reforms, may not work, may result in social unrest and may limit future growth and economic recovery or have other unintended consequences. Further defaults or restructurings by governments and others of their debt could have additional adverse effects on economies, financial markets and asset valuations around the world. In addition, one or more countries may abandon the euro, the common currency of the European Union, and/or withdraw from the European Union. The impact of these actions, especially if they occur in a disorderly fashion, is not clear but could be significant and far-reaching. Whether or not a portfolio invests in securities of issuers located in Europe or with significant exposure to European issuers or countries, these events could negatively affect the value and liquidity of the portfolio's investments.

Debt Securities and Fixed-Income Investing

Debt securities include securities such as corporate bonds and debentures; commercial paper; trust preferreds, debt securities issued by the U.S. government, its agencies and instrumentalities; or foreign governments; asset-backed securities; collateralized-mortgage obligations ("CMOs"); zero coupon bonds; floating rate, inverse floating rate and index obligations; "strips"; structured notes; and pay-in-kind and step securities.

Fixed-income investing is the purchase of a debt security that maintains a level of income that does not change, at least for some period of time. When a debt security is purchased, the portfolio owns "debt" and becomes a creditor to the company or government.

Consistent with each portfolio's investment policies, a portfolio may invest in debt securities, which may be referred to as fixed income instruments. These may include securities issued by the U.S. government, its agencies or government-sponsored enterprises; corporate debt securities of U.S. and non-U.S. issuers, including convertible securities and corporate commercial paper; mortgage-backed and other asset-backed securities; inflation-indexed bonds issued both by governments and corporations; structured notes, including hybrid or "indexed" securities, event-linked bonds and loan participations; delayed funding loans and revolving credit facilities; bank certificates of deposit ("CDs"), fixed time deposits and bankers' acceptances; repurchase agreements and reverse repurchase agreements; debt securities issued by state or local governments and their agencies, authorities and other government-sponsored enterprises; obligations of non-U.S. governments or their subdivisions, agencies and government-sponsored enterprises; and obligations of international agencies or supranational entities. Consistent with its investment policies, a portfolio may invest in derivatives based on fixed income instruments.

Maturity and Duration: The maturity of a fixed income security is a measure of the time remaining until the final payment on the security is due. For simple fixed income securities, duration indicates the average time at which the security's cash flows are to be received. For simple fixed income securities with interest payments occurring prior to the payment of principal, duration is always less than maturity. For example, a current coupon bullet bond with a maturity of 3.5 years will have a duration of approximately three years. In general, the lower the stated or coupon rate of interest of a fixed income security, the closer its duration will be to its final maturity; conversely, the higher the stated or coupon rate of interest of a fixed income security, the shorter its duration will be compared to its final maturity. The determination of duration becomes more complex when fixed income securities with features like floating coupon payments, optionality, prepayments, and structuring are evaluated. There are differing methodologies for computing effective duration prevailing in the industry. As a result, different investors may estimate duration differently.

Debt and fixed-income securities share three principal risks. First, the level of interest income generated by a portfolio's fixed income investments may decline due to a decrease in market interest rates. If rates decline, when a portfolio's fixed income securities mature or are sold, they may be replaced by lower-yielding investments. Second, the values of fixed income securities fluctuate with changes in interest rates. A decrease in interest rates will generally result in an increase in the value of a portfolio's fixed income investments. Conversely, during periods of rising interest rates, the value of a portfolio's fixed income investments will generally decline. However, a change in interest rates will not have the same impact on all fixed rate securities. For example, the magnitude of these fluctuations will generally be greater when a portfolio's duration or average maturity is longer. Third, certain fixed income securities are subject to credit risk, which is the risk that an issuer of securities will be unable to pay principal and interest when due, or that the value of the security will suffer because investors believe the issuer is unable to pay.

Mortgage-Backed Securities

Mortgage-backed securities may be issued or guaranteed by the U.S. government, its agencies or instrumentalities, or private issuers such as banks, insurance companies, and savings and loans. Some of these securities, such as Government National Mortgage Association ("GNMA") certificates, are backed by the full faith and credit of the U.S. Treasury while others, such as Federal Home Loan Mortgage Corporation ("Freddie Mac") and Federated National Mortgage Association ("Fannie Mae") certificates, are not. The U.S. government has provided recent financial support to Fannie Mae and Freddie Mac, but there can be no assurance that it will support these or other government-sponsored entities in the future.

Mortgage-backed securities represent interests in a pool of mortgages. Principal and interest payments made on the mortgages in the underlying mortgage pool are passed through to the portfolio. These securities are often subject to more rapid repayment than their stated maturity dates would indicate as a result of principal prepayments on the underlying loans. This can result in significantly greater price and yield volatility than with traditional fixed-income securities. During periods of declining interest rates, prepayments can be expected to accelerate which will shorten these securities' weighted average life and may lower their return. Conversely, in a rising interest rate environment, a declining prepayment rate will extend the weighted average life of these securities which generally would cause their values to fluctuate more widely in response to changes in interest rates.

The value of these securities also may change because of changes in the market's perception of the creditworthiness of the federal agency or private institution that issued or guarantees them. In addition, the mortgage securities market in general may be adversely affected by changes in governmental regulation or tax policies.

Mortgage-backed securities that are issued or guaranteed by the U.S. government, its agencies or instrumentalities, are not subject to the portfolios' industry concentration restrictions, by virtue of the exclusion from that test available to all U.S. government securities. In the case of privately issued mortgage-related securities, the portfolios take the position that mortgage-related securities do not represent interests in any particular "industry" or group of industries.

As noted above, there are a number of important differences among the agencies and instrumentalities of the U.S. government that issue mortgage related securities and among the securities that they issue. Mortgage-related securities issued by GNMA include GNMA Mortgage Pass-Through Certificates (also known as "Ginnie Maes") which are guaranteed as to the timely payment of principal and interest by GNMA and such guarantee is backed by the full faith and credit of the United States. GNMA is a wholly owned U.S. government corporation within the Department of Housing and Urban Development. GNMA certificates also are supported by the authority of GNMA to borrow funds from the U.S. Treasury to make payments under its guarantee. Mortgage-related securities issued by Fannie Mae include Fannie Mae Guaranteed Mortgage Pass-Through Certificates (also known as "Fannie Maes") which are solely the obligations of Fannie Mae and are not backed by or entitled to the full faith and credit of the United States. Fannie Mae is a government-sponsored organization owned entirely by private stockholders. Fannie Maes are guaranteed as to the timely payment of the principal and interest by Fannie Mae. Mortgage-related securities issued by Freddie Mac include Freddie Mac Mortgage Participation Certificates (also known as "Freddie Macs" or "PCs"). Freddie Mac is a corporate instrumentality of the United States, created pursuant to an Act of Congress, which is owned entirely by Federal Home Loan Banks. Freddie Macs are not guaranteed by the United States or by any Federal Home Loan Banks and do not constitute a debt or obligation of the United States or of any Federal Home Loan Bank. Freddie Macs entitle the holder to the timely payment of interest, which is guaranteed by Freddie Mac. Freddie Mac guarantees either ultimate collection or the timely payment of all principal payments on the underlying mortgage loans. When Freddie Mac does not guarantee timely payment of principal, Freddie Mac may remit the amount due on account of its guarantee of ultimate payment of principal at any time after default on an underlying mortgage, but in no event later than one year after it becomes payable.

CMOs, which are debt obligations collateralized by mortgage loans or mortgage pass-through securities, provide the holder with a specified interest in the cash flow of a pool of underlying mortgages or other mortgage-backed securities. Issuers of CMOs frequently elect to be taxed as pass-through entities known as real estate mortgage investment conduits. CMOs are issued in multiple classes, each with a specified fixed or floating interest rate and a final distribution date. The relative payment rights of the various CMO classes may be structured in many ways. In most cases, however, payments of principal are applied to the CMO classes in the order of their respective stated maturities, so that no principal payments will be made on a CMO class until all other classes having an earlier stated maturity date are paid in full. The classes may include accrual certificates (also known as "Z-Bonds"), which only accrue interest at a specified rate until other specified classes have been retired and are converted thereafter to interest-paying securities. They may also include planned amortization classes which generally require, within certain limits, that specified amounts of principal be applied on each payment date, and generally exhibit less yield and market volatility than other classes. In many cases, CMOs are issued or guaranteed by the U.S. government or its agencies or instrumentalities or may be collateralized by a portfolio of mortgages or mortgage-related securities guaranteed by such an agency or instrumentality. Certain CMOs in which a portfolio may invest are not guaranteed by the U.S. government or its agencies or instrumentalities.

Stripped Mortgage-Backed Securities ("SMBS") are derivative multi-class mortgage securities. SMBS may be issued by agencies or instrumentalities of the U.S. government, or by private originators of, or investors in, mortgage loans, including savings and loan associations, mortgage banks, commercial banks, investment banks and special purpose entities of the foregoing.

SMBS are usually structured with two classes that receive different proportions of the interest and principal distributions on a pool of mortgage assets. A common type of SMBS will have one class receiving some of the interest and most of the principal from the mortgage assets, while the other class will receive most of the interest and the remainder of the principal. In the most extreme case, one class will receive all of the interest (the "IO" class), while the other class will receive all of the principal (the principal-only or "PO" class). The yield to maturity on an IO class is extremely sensitive to the rate of principal payments (including prepayments) on the related underlying mortgage assets, and a rapid rate of principal payments may have a material adverse effect on a portfolio's yield to maturity from these securities. If the underlying mortgage assets experience greater than anticipated prepayments of principal, a portfolio may fail to recoup some or all of its initial investment in these securities even if the security is in one of the highest rating categories.

The repayment of certain mortgage-related securities depends primarily on the cash collections received from the issuer's underlying asset portfolio and, in certain cases, the issuer's ability to issue replacement securities (such as asset-backed commercial paper). As a result, a portfolio could experience losses in the event of credit or market value deterioration in the issuer's underlying portfolio, mismatches in the timing of the cash flows of the underlying asset interests and the repayment obligations of maturing securities, or the issuer's inability to issue new or replacement securities. This is also true for other asset-backed securities. Upon the occurrence of certain triggering events or defaults, the investors in a security held by a portfolio may become the holders of underlying assets at a time when those assets may be difficult to sell or may be sold only at a loss. If mortgage-backed securities or asset-backed securities are bought at a discount, however, both scheduled payments of principal and unscheduled prepayments will increase current and total returns and will accelerate the recognition of income which, when distributed to taxable shareholders, will be taxable as ordinary income.

Unlike mortgage-backed securities issued or guaranteed by the U.S. government or one of its sponsored entities, mortgage-backed securities issued by private issuers do not have a government or government-sponsored entity guarantee, but may have credit enhancement provided by external entities such as banks or financial institutions or achieved through the structuring of the transaction itself. Examples of such credit support arising out of the structure of the transaction include the issue of senior and subordinated securities (e.g., the issuance of securities by a special purpose vehicle in multiple classes or "tranches," with one or more classes being senior to other subordinated classes as to the payment of principal and interest, with the result that defaults on the underlying mortgage loans are borne first by the holders of the subordinated class); creation of "reserve funds" (in which case cash or investments, sometimes funded from a portion of the payments on the underlying mortgage loans, are held in reserve against future losses); and "over-collateralization" (in which case the scheduled payments on, or the principal amount of, the underlying mortgage loans exceeds that required to make payment of the securities and pay any servicing or other fees). However, there can be no guarantee that credit enhancements, if any, will be sufficient to prevent losses in the event of defaults on the underlying mortgage loans. A portfolio may also buy mortgage-backed securities without insurance or guarantees.

If a portfolio purchases subordinated mortgage-backed securities, the payments of principal and interest on the portfolio's subordinated securities generally will be made only after payments are made to the holders of securities senior to the portfolio's securities. Therefore, if there are defaults on the underlying mortgage loans, a portfolio will be less likely to receive payments of principal and interest, and will be more likely to suffer a loss. Privately issued mortgage-backed securities are not traded on an exchange and there may be a limited market for the securities, especially when there is a perceived weakness in the mortgage and real estate market sectors. Without an active trading market, mortgage-backed securities held in a portfolio may be particularly difficult to value because of the complexities involved in assessing the value of the underlying mortgage loans.

In addition, mortgage-backed securities that are issued by private issuers are not subject to the underwriting requirements for the underlying mortgages that are applicable to those mortgage-backed securities that have a government or government-sponsored entity guarantee. As a result, the mortgage loans underlying private mortgage-backed securities may, and frequently do, have less favorable collateral, credit risk or other underwriting characteristics than government or government-sponsored mortgage-backed securities and have wider variances in a number of terms including interest rate, term, size, purpose and borrower characteristics. Privately issued pools more frequently include second mortgages, high loan-to-value mortgages and manufactured housing loans. The coupon rates and maturities of the underlying mortgage loans in a private-label mortgage-backed securities pool may vary to a greater extent than those included in a government guaranteed pool, and the pool may include subprime mortgage loans. Subprime loans refer to loans made to borrowers with weakened credit histories or with a lower capacity to make timely payments on their loans. For these reasons, the loans underlying these securities have had, in many cases, higher default rates than those loans that meet government underwriting requirements.

The risk of non-payment is greater for mortgage-backed securities that are backed by mortgage pools that contain subprime loans, but a level of risk exists for all loans. Market factors adversely affecting mortgage loan repayments may include a general economic turndown, high unemployment, a general slowdown in the real estate market, a drop in the market prices of real estate, or an increase in interest rates resulting in higher mortgage payments by holders of adjustable rate mortgages.

Asset-Backed Securities

Asset-backed securities are generally issued as pass-through certificates, which represent undivided fractional ownership interests in the underlying pool of assets, or as debt instruments, which are generally issued as the debt of a special purpose entity organized solely for the purpose of owning such assets and issuing such debt. The pool of assets generally represents the obligations of a number of different parties.

Asset-backed securities have many of the same characteristics and risks as the mortgage-backed securities described above, except that asset-backed securities may be backed by non-real-estate loans, leases or receivables such as auto, credit card or home equity loans.

Non-mortgage asset-backed securities are not issued or guaranteed by the U.S. government or its agencies or government-sponsored entities; however, the payment of principal and interest on such obligations may be guaranteed up to certain amounts and for a certain time period by a letter of credit issued by a financial institution (such as a bank or insurance company) which may be affiliated or unaffiliated with the issuers of such securities. In addition, such securities generally will have remaining estimated lives at the time of purchase of five years or less.

Asset-backed securities frequently carry credit protection in the form of extra collateral, subordinated certificates, cash reserve accounts, letters of credit or other enhancements. For example, payments of principal and interest may be guaranteed up to certain amounts and for a certain time period by a letter of credit or other enhancement issued by a financial institution. Assets which, to date, have been used to back asset-backed securities include motor vehicle installment sales contracts or installment loans secured by motor vehicles, and receivables from revolving credit (credit card) agreements. Other types of asset-backed securities include those that represent interest in pools of corporate bonds (such as collateralized bond obligations or “CBOs”), bank loans (such as collateralized loan obligations or “CLOs”) and other debt obligations (such as collateralized debt obligations or “CDOs”).

Asset-backed security values may also be affected by factors such as changes in interest rates, the availability of information concerning the pool and its structure, the creditworthiness of the servicing agent for the loan pool, the originator of the loans, or the financial institution providing any credit enhancement and the exhaustion of any credit enhancement. The risks of investing in asset-backed securities depend upon payment of the underlying loans by the individual borrowers (i.e., the backing asset). In its capacity as purchaser of an asset-backed security, a portfolio would generally have no recourse to the entity that originated the loans in the event of default by the borrower. If a letter of credit or other form of credit enhancement is exhausted or otherwise unavailable, holders of asset-backed securities may experience delays in payments or losses if the full amounts due on underlying assets are not realized. Asset-backed securities may also present certain additional risks related to the particular type of collateral. For example, credit card receivables are generally unsecured and the debtors are entitled to the protection of a number of state and federal consumer credit laws, many of which give such debtors the right to set off certain amounts owed on the credit cards, thereby reducing the balance due. Asset-backed securities are also subject to prepayment risk, which may shorten the weighted average life of such securities and may lower their return. In addition, asset backed securities are subject to risks similar to those associated with mortgage-backed securities, as well as additional risks associated with the nature of the assets and the servicing of those assets.

Asset-backed securities may be subject to greater risk of default during periods of economic downturn than other securities, which could result in possible losses to a portfolio. In addition, the secondary market for asset-backed securities may not be as liquid as the market for other securities which may result in a portfolio’s experiencing difficulty in selling or valuing asset-backed securities.

Corporate Debt Securities

Corporate debt securities exist in great variety, differing from one another in quality, maturity, and call or other provisions. Lower-grade bonds, whether rated or unrated, usually offer higher interest income, but also carry increased risk of default. Corporate bonds may be secured or unsecured, senior to or subordinated to other debt of the issuer, and, occasionally, may be guaranteed by another entity. In addition, they may carry other features, such as those described under “Convertible Securities” and “Variable or Floating Rate Securities,” or have special features such as the right of the holder to shorten or lengthen the maturity of a given debt instrument, rights to purchase additional securities, rights to elect from among two or more currencies in which to receive interest or principal payments, or provisions permitting the holder to participate in earnings of the issuer or to participate in the value of some specified commodity, financial index, or other measure of value.

Commercial Paper

Commercial paper refers to short-term unsecured promissory notes issued by commercial and industrial corporations to finance their current operations. Commercial paper may be issued at a discount and redeemed at par, or issued at par with interest added at maturity. The interest or discount rate depends on general interest rates, the credit standing of the issuer, and the maturity of the note, and generally moves in tandem with rates on large certificates of deposits (“CDs”) and Treasury bills. An established secondary market exists for commercial paper, particularly that of stronger issuers which are rated by Moody's and S&P. Investments in commercial paper are subject to the risks that general interest rates will rise, that the credit standing or rating of the issuer will fall, or that the secondary market in the issuer's notes will become too limited to permit their liquidation at a reasonable price.

Commercial paper includes asset-backed commercial paper ("ABCP") that is issued by structured investment vehicles or other conduits. These conduits may be sponsored by mortgage companies, investment banking firms, finance companies, hedge funds, private equity firms and special purpose finance entities. ABCP typically refers to a debt security with an original term to maturity of up to 270 days, the payment of which is supported by cash flows from underlying assets, or one or more liquidity or credit support providers, or both. Assets backing ABCP, which may be included in revolving pools of assets with large numbers of obligors, include credit card, car loan and other consumer receivables and home or commercial mortgages, including subprime mortgages. The repayment of ABCP issued by a conduit depends primarily on the cash collections received from the conduit's underlying asset portfolio and the conduit's ability to issue new ABCP. Therefore, there could be losses to a portfolio investing in ABCP in the event of credit or market value deterioration in the conduit's underlying portfolio, mismatches in the timing of the cash flows of the underlying asset interests and the repayment obligations of maturing ABCP, or the conduit's inability to issue new ABCP. To protect investors from these risks, ABCP programs may be structured with various protections, such as credit enhancement, liquidity support, and commercial paper stop-issuance and wind-down triggers. However, there can be no guarantee that these protections will be sufficient to prevent losses to investors in ABCP.

Some ABCP programs provide for an extension of the maturity date of the ABCP if, on the related maturity date, the conduit is unable to access sufficient liquidity through the issue of additional ABCP. This may delay the sale of the underlying collateral, and a portfolio may incur a loss if the value of the collateral deteriorates during the extension period. Alternatively, if collateral for ABCP deteriorates in value, the collateral may be required to be sold at inopportune times or at prices insufficient to repay the principal and interest on the ABCP. ABCP programs may provide for the issuance of subordinated notes as an additional form of credit enhancement. The subordinated notes are typically of a lower credit quality and have a higher risk of default. A portfolio purchasing these subordinated notes will therefore have a higher likelihood of loss than investors in the senior notes.

Bank Obligations

Bank obligations include dollar-denominated CDs, time deposits and bankers' acceptances and other short-term debt obligations issued by domestic banks, foreign subsidiaries or foreign branches of domestic banks, domestic and foreign branches of foreign banks, domestic savings and loan associations and other banking institutions. CDs are short-term, unsecured, negotiable obligations of commercial banks. Time deposits are non-negotiable deposits maintained in banks for specified periods of time at stated interest rates. Bankers' acceptances are negotiable time drafts drawn on commercial banks usually in connection with international transactions.

Domestic commercial banks organized under federal law are supervised and examined by the Comptroller of the Currency and are required to be members of the Federal Reserve System and to be insured by the Federal Deposit Insurance Corporation ("FDIC"). Domestic banks organized under state law are supervised and examined by state banking authorities, but are members of the Federal Reserve System only if they elect to join. Most state institutions are insured by the FDIC (although such insurance may not be of material benefit to a portfolio, depending upon the principal amount of obligations of each held by the portfolio) and are subject to federal examination and to a substantial body of federal law and regulation. As a result of federal and state laws and regulations, domestic banks are, among other things, generally required to maintain specified levels of reserves and are subject to other supervision and regulation designed to promote financial soundness. However, not all of such laws and regulations apply to the foreign branches of domestic banks.

Obligations of foreign branches and subsidiaries of domestic banks and domestic and foreign branches of foreign banks, such as CDs and time deposits, may be general obligations of the parent bank in addition to the issuing branch, or may be limited by the terms of a specific obligation and governmental regulation. Such obligations are subject to different risks than are those of domestic banks or domestic branches of foreign banks. These risks include foreign economic and political developments, foreign governmental restrictions that may adversely affect payment of principal and interest on the obligations, foreign exchange controls and foreign withholding and other taxes on interest income. Foreign branches of domestic banks and foreign branches of foreign banks are not necessarily subject to the same or similar regulatory requirements that apply to domestic banks, such as mandatory reserve requirements, loan limitations and accounting, auditing and financial recordkeeping requirements. In addition, less information may be publicly available about a foreign branch of a domestic bank or about a foreign bank than about a domestic bank.

Obligations of domestic branches of foreign banks may be general obligations of the parent bank, in addition to the issuing branch, or may be limited by the terms of a specific obligation and by state and federal regulation as well as governmental action in the country in which the foreign bank has its head office. A domestic branch of a foreign bank with assets in excess of $1 billion may or may not be subject to reserve requirements imposed by the Federal Reserve System or by the state in which the branch is located if the branch is licensed in that state. In addition, branches licensed by the Comptroller of the Currency and branches licensed by certain states ("State Branches") may or may not be required to: (i) pledge to the regulator, by depositing assets with a designated bank within the state; and (ii) maintain assets within the state in an amount equal to a specified percentage of the aggregate amount of liabilities of the foreign bank payable at or through all of its agencies or branches within the state. The deposits of State Branches may not necessarily be insured by the FDIC. In addition, there may be less publicly available information about a domestic branch of a foreign bank than about a domestic bank.

The portfolios have established certain minimum credit quality standards for bank obligations in which they invest.

Bank Capital Securities: Bank capital securities are issued by banks to help fulfill their regulatory capital requirements. There are two common types of bank capital: Tier I and Tier II. Bank capital is generally, but not always, of investment grade quality. Tier I securities often take the form of trust preferred securities. Tier II securities are commonly thought of as hybrids of debt and preferred stock, are often perpetual (with no maturity date), callable and, under certain conditions, allow for the issuer bank to withhold payment of interest until a later date.

Collateralized Debt Obligations

Collateralized debt obligations ("CDOs") include collateralized bond obligations ("CBOs"), collateralized loan obligations ("CLOs") and other similarly structured securities. CBOs and CLOs are types of asset-backed securities. A CBO is a trust or other special purpose entity ("SPE") which is typically backed by a diversified pool of fixed income securities (which may include high-risk, below-investment-grade securities). A CLO is a trust or other SPE that is typically collateralized by a pool of loans, which may include, among others, domestic and foreign senior secured loans, senior unsecured loans, and subordinate corporate loans, including loans that may be rated below investment grade or equivalent unrated loans. Although certain CDOs may receive credit enhancement in the form of a senior-subordinate structure, over-collateralization or bond insurance, such enhancement may not always be present, and may fail to protect a portfolio against the risk of loss on default of the collateral. Certain CDOs may use derivatives contracts to create "synthetic" exposure to assets rather than holding such assets directly. CDOs may charge management fees and administrative expenses, which are in addition to those of a portfolio.

For both CBOs and CLOs, the cashflows from the SPE are split into two or more portions, called tranches, varying in risk and yield. The riskiest portion is the "equity" tranche, which bears the first loss from defaults from the bonds or loans in the SPE and serves to protect the other, more senior tranches from default (though such protection is not complete). Since it is partially protected from defaults, a senior tranche from a CBO trust or CLO trust typically has higher ratings and lower yields than its underlying securities, and can be rated investment grade. Despite the protection from the equity tranche, CBO or CLO tranches can experience substantial losses due to actual defaults, increased sensitivity to defaults due to collateral default and disappearance of subordinate tranches, market anticipation of defaults, as well as investor aversion to CBO or CLO securities as a class. Interest on certain tranches of a CDO may be paid in kind (paid in the form of obligations of the same type rather than cash), which involves continued exposure to default risk with respect to such payments.

The risks of an investment in a CDO depend largely on the type of the collateral securities and the class of the CDO in which a portfolio invests. Normally, CBOs, CLOs and other CDOs are privately offered and sold, and thus, are not registered under the securities laws. As a result, investments in CDOs may be characterized by a portfolio as illiquid securities. However, an active dealer market may exist for CDOs allowing a CDO to qualify for Rule 144A transactions. In addition to the risks typically associated with fixed income securities discussed elsewhere in this SAI and a portfolio's prospectus (e.g., interest rate risk and credit risk), CDOs carry additional risks including, but not limited to: (i) the possibility that distributions from collateral securities will not be adequate to make interest or other payments; (ii) the collateral may decline in value or default; (iii) a portfolio may invest in tranches of CDOs that are subordinate to other tranches; (iv) the complex structure of the security may not be fully understood at the time of investment and may produce disputes with the issuer or unexpected investment results; and (v) the CDO's manager may perform poorly.

Zero Coupon, Step Coupon, Deferred Payment, Stripped and Pay-In-Kind Securities

Zero coupon bonds are issued and traded at a discount from their face values. They do not entitle the holder to any periodic payment of interest prior to maturity. Step coupon bonds are issued and trade at a discount from their face values and pay coupon interest. The coupon rate typically is low for an initial period and then increases to a higher coupon rate thereafter. Deferred payment securities are securities that remain zero coupon securities until a predetermined date, at which time the stated coupon rate becomes effective and interest becomes payable at regular intervals. The discount from the face amount or par value depends on the time remaining until cash payments begin, prevailing interest rates, liquidity of the security and the perceived credit quality of the issuer. Stripped securities are securities that are stripped of their interest after the securities are issued, but otherwise are comparable to zero coupon bonds. Pay-in-kind securities may pay all or a portion of their interest or dividends in the form of additional securities. Upon maturity, the holder is entitled to receive the aggregate par value of the securities.

Federal income tax law requires holders of zero coupon, step coupon and deferred payment securities to report the portion of the original issue discount on such securities that accrues that year as interest income, even if prior to the receipt of the corresponding cash payment. In order to avoid a tax on the portfolio, each portfolio must distribute each year substantially all of its taxable income, including original issue discount accrued on zero coupon, step coupon or deferred payment securities. Because a portfolio may not receive full or even any cash payments on a current basis in respect of accrued original-issue discount on zero coupon, step coupon or deferred payment securities, in some years a portfolio may have to distribute cash obtained from other sources in order to satisfy those distribution requirements. A portfolio might obtain such cash from selling other portfolio holdings. These actions may reduce the assets to which a portfolio's expenses could be allocated and may reduce the rate of return for the portfolio. In some circumstances, such sales might be necessary in order to satisfy cash distribution requirements even though investment considerations might otherwise make it undesirable for the portfolio to sell the securities at the time.

Generally, the market prices of zero coupon, step coupon, deferred payment, stripped and pay-in-kind securities are more volatile than the prices of securities that pay interest periodically and in cash and are likely to respond to changes in interest rates to a greater degree than other types of debt securities having similar maturities and credit quality. Investments in zero coupon and step coupon bonds may be more speculative and subject to greater fluctuations in value because of changes in interest rates than bonds that pay interest currently.

Repurchase Agreements

In a repurchase agreement, a portfolio purchases a security and simultaneously commits to resell that security to the seller at an agreed-upon price on an agreed-upon date within a number of days (usually not more than seven) from the date of purchase. The resale price reflects the purchase price plus an agreed-upon incremental amount which typically is unrelated to the coupon rate or maturity of the purchased security and represents compensation to the seller for use of the purchased security. A repurchase agreement involves the obligation of the seller to pay the agreed-upon price, which obligation is in effect secured by the value (at least equal to the amount of the agreed-upon resale price and marked-to-market daily) of the underlying security or collateral. All repurchase agreements entered into by a portfolio are fully collateralized at all times during the period of the agreement.

Repurchase agreements involve the risk that the seller will fail to repurchase the security, as agreed. In that case, a portfolio will bear the risk of market value fluctuations until the security can be sold and may encounter delays and incur costs in liquidating the security. Repurchase agreements involve risks in the event of default or insolvency of the other party, including possible delays or restrictions upon a portfolio's ability to dispose of the underlying securities, the risk of a possible decline in the value of the underlying securities during the period in which the portfolio seeks to assert its right to them, the risk of incurring expenses associated with asserting those rights and the risk of losing all or part of the income from the agreement.

A portfolio may, together with other registered investment companies managed by the portfolio's sub-adviser or its affiliates, transfer uninvested cash balances into a single joint account, the daily aggregate balance of which will be invested in one or more repurchase agreements, including tri-party subcustody repurchase arrangements.

Convertible Securities

Convertible securities are fixed income securities that may be converted at either a stated price or stated rate into underlying shares of common stock. Convertible securities have general characteristics similar to both fixed income and equity securities. Although to a lesser extent than with fixed income securities generally, the market value of convertible securities tends to decline as interest rates increase and, conversely, tends to increase as interest rates decline. In addition, because of the conversion feature, the market value of convertible securities tends to vary with fluctuations in the market value of the underlying common stocks and, therefore, also will react to variations in the general market for equity securities. A significant feature of convertible securities is that as the market price of the underlying common stock declines, convertible securities tend to trade increasingly on a yield basis, and so they may not experience market value declines to the same extent as the underlying common stock. When the market price of the underlying common stock increases, the prices of the convertible securities tend to rise as a reflection of the value of the underlying common stock.

As fixed income securities, convertible securities provide for a stream of income. The yields on convertible securities generally are higher than those of common stocks. Convertible securities generally offer lower interest or dividend yields than non-convertible securities of similar quality. However, a convertible security offers the potential for capital appreciation through the conversion feature, enabling the holder to benefit from increases in the market price of the underlying common stock.

Convertible securities generally are subordinated to other similar but non-convertible securities of the same issuer, although convertible bonds, as corporate debt obligations, enjoy seniority in right of payment to all equity securities, and convertible preferred stock is senior to common stock of the same issuer. Because of the subordination feature, however, convertible securities typically have lower ratings than similar non-convertible securities.

DECS ("Dividend Enhanced Convertible Stock," or "Debt Exchangeable for Common Stock" when-issued as a debt security) offer a substantial dividend advantage with the possibility of unlimited upside potential if the price of the underlying common stock exceeds a certain level. DECS convert to common stock at maturity. The amount received is dependent on the price of the common stock at the time of maturity. DECS contain two call options at different strike prices. The DECS participate with the common stock up to the first call price. They are effectively capped at that point unless the common stock rises above a second price point, at which time they participate with unlimited upside potential.

PERCS ("Preferred Equity Redeemable Stock," convert into an equity issue that pays a high cash dividend, has a cap price and mandatory conversion to common stock at maturity) offer a substantial dividend advantage, but capital appreciation potential is limited to a predetermined level. PERCS are less risky and less volatile than the underlying common stock because their superior income mitigates declines when the common stock falls, while the cap price limits gains when the common stock rises.

In evaluating investment in a convertible security, primary emphasis will be given to the attractiveness of the underlying common stock. The convertible debt securities in which a portfolio may invest are subject to the same rating criteria as the portfolio's investment in non-convertible debt securities.

Unlike a convertible security which is a single security, a synthetic convertible security is comprised of two distinct securities that together resemble convertible securities in certain respects. Synthetic convertible securities are created by combining non-convertible bonds or preferred shares with common stocks, warrants or stock call options. The options that will form elements of synthetic convertible securities will be listed on a securities exchange or on NASDAQ. The two components of a synthetic convertible security, which will be issued with respect to the same entity, generally are not offered as a unit, and may be purchased and sold by a portfolio at different times. Synthetic convertible securities differ from convertible securities in certain respects, including that each component of a synthetic convertible security has a separate market value and responds differently to market fluctuations. Investing in synthetic convertible securities involves the risk normally involved in holding the securities comprising the synthetic convertible security.

High Yield Securities

Debt securities rated below investment grade (lower than Baa as determined by Moody's, lower than BBB as determined by S&P or Fitch, Inc.) or, if unrated, determined to be below investment grade by a portfolio's sub-adviser, are commonly referred to as "lower grade debt securities" or "junk bonds." Generally, such securities offer a higher current yield than is offered by higher rated securities, but also are predominantly speculative with respect to the issuer's capacity to pay interest and repay principal in accordance with the terms of the obligations. The market values of certain of these securities also tend to be more sensitive to individual corporate developments and changes in economic conditions than higher quality bonds. In addition, medium and lower rated securities and comparable unrated securities generally present a higher degree of credit risk. Lower grade debt securities generally are unsecured and frequently subordinated to the prior payment of senior indebtedness. In addition, the market value of securities in lower rated categories is more volatile than that of higher quality securities, and the markets in which medium and lower rated securities are traded are more limited than those in which higher rated securities are traded. The existence of limited markets may make it more difficult for a portfolio to obtain accurate market quotations for purposes of valuing its securities and calculating its net asset value. Moreover, the lack of a liquid trading market may restrict the availability of securities for a portfolio to purchase and may also have the effect of limiting the ability of a portfolio to sell securities at their fair value either to meet redemption requests or to respond to changes in the economy or the financial markets.

Lower rated debt securities also present risks based on payment expectations. If an issuer calls the obligation for redemption, a portfolio may have to replace the security with a lower yielding security, resulting in a decreased return for investors. Also, the principal value of bonds moves inversely with movements in interest rates; in the event of rising interest rates, the value of the securities held by a portfolio may decline more than a portfolio consisting of higher rated securities. If a portfolio experiences unexpected net redemptions, it may be forced to sell its higher rated bonds, resulting in a decline in the overall credit quality of the securities held by the portfolio and increasing the exposure of the portfolio to the risks of lower rated securities.

Subsequent to its purchase by a portfolio, an issue of securities may cease to be rated or its rating may be reduced below the minimum required for purchase by a portfolio. Neither event will require sale of these securities by a portfolio, but a sub-adviser will consider the event in determining whether the portfolio should continue to hold the security.

Distressed Debt Securities

Distressed debt securities are debt securities that are purchased in the secondary market and are the subject of bankruptcy proceedings or otherwise in default as to the repayment of principal and/or interest at the time of acquisition by a portfolio or are rated in the lower rating categories (Ca or lower by Moody's and CC or lower by S&P) or which, if unrated, are in the judgment of a sub-adviser of equivalent quality. Investment in distressed debt securities is speculative and involves significant risk. The risks associated with high-yield securities are heightened by investing in distressed debt securities.

A portfolio will generally make such investments only when the portfolio's sub-adviser believes it is reasonably likely that the issuer of the distressed debt securities will make an exchange offer or will be the subject of a plan of reorganization pursuant to which the portfolio will receive new securities (e.g., equity securities). However, there can be no assurance that such an exchange offer will be made or that such a plan of reorganization will be adopted. In addition, a significant period of time may pass between the time at which a portfolio makes its investment in distressed debt securities and the time that any such exchange offer or plan of reorganization is completed. During this period, it is unlikely that the portfolio will receive any interest payments on the distressed debt securities, the portfolio will be subject to significant uncertainty as to whether or not the exchange offer or plan will be completed and the portfolio may be required to bear certain extraordinary expenses to protect or recover its investment. Even if an exchange offer is made or plan of reorganization is adopted with respect to the distressed debt securities held by a portfolio, there can be no assurance that the securities or other assets received by the portfolio in connection with such exchange offer or plan of reorganization will not have a lower value or income potential than may have been anticipated when the investment was made. Moreover, any securities received by the portfolio upon completion of an exchange offer or plan of reorganization may be restricted as to resale. As a result of a portfolio's participation in negotiations with respect to any exchange offer or plan of reorganization with respect to an issuer of distressed debt securities, the portfolio may be restricted from disposing of such securities.

Defaulted Securities

Defaulted securities are debt securities on which the issuer is not currently making interest payments. Generally, a portfolio will invest in defaulted securities only when its sub-adviser believes, based upon analysis of the financial condition, results of operations and economic outlook of an issuer, that there is potential for resumption of income payments, that the securities offer an unusual opportunity for capital appreciation or that other advantageous developments appear likely in the future. Notwithstanding a sub-adviser's belief as to the resumption of income payments, however, the purchase of any security on which payment of interest or dividends is suspended involves a high degree of risk. Such risk includes, among other things, the following:

Investments in securities that are in default involve a high degree of financial and market risks that can result in substantial, or at times even total, losses. Issuers of defaulted securities may have substantial capital needs and may become involved in bankruptcy or reorganization proceedings. Among the problems involved in investments in such issuers is the fact that it may be difficult to obtain information about the condition of such issuers. The market prices of such securities also are subject to abrupt and erratic movements and above average price volatility, and the spread between the bid and asked prices of such securities may be greater than normally expected.

The funds will limit holdings of any such securities to amounts that their respective sub-advisers believes could be readily sold, and its holdings of such securities would, in any event, be limited so as not to limit the funds' ability to readily dispose of securities to meet redemptions.

Structured Notes and Related Instruments

"Structured" notes and other related instruments are privately negotiated debt obligations where the principal and/or interest is determined by reference to the performance of a benchmark asset, market or interest rate (an "embedded index"), such as selected securities, an index of securities or specified interest rates, or the differential performance of two assets or markets, such as indexes reflecting bonds. Structured instruments may be issued by corporations, including banks, as well as by governmental agencies and frequently are assembled in the form of medium-term notes, but a variety of forms is available and may be used in particular circumstances. The terms of such structured instruments normally provide that their principal and/or interest payments are to be adjusted upwards or downwards (but ordinarily not below zero) to reflect changes in the embedded index while the instruments are outstanding. As a result, the interest and/or principal payments that may be made on a structured product may vary widely, depending on a variety of factors, including the volatility of the embedded index and the effect of changes in the embedded index on principal and/or interest payments. The rate of return on structured notes may be determined by applying a multiplier to the performance or differential performance of the referenced index(es) or other asset(s). Application of a multiplier involves leverage that will serve to magnify the potential for gain and the risk of loss. Investment in indexed securities and structured notes involves certain risks, including the credit risk of the issuer and the normal risks of price changes in response to changes in interest rates. Further, in the case of certain indexed securities or structured notes, a decline in the reference instrument may cause the interest rate to be reduced to zero, and any further declines in the reference instrument may then reduce the principal amount payable on maturity. Finally, these securities may be less liquid than other types of securities, and may be more volatile than their underlying reference instruments.

U.S. Government Securities

U.S. Government obligations generally include direct obligations of the U.S. Treasury (such as U.S. Treasury bills, notes, and bonds) and obligations issued or guaranteed by U.S. Government agencies or instrumentalities. Examples of the types of U.S. Government securities that a portfolio may hold include the Federal Housing Administration, Small Business Administration, General Services Administration, Federal Farm Credit Banks, Federal Intermediate Credit Banks, and Maritime Administration. U.S. Government securities may be supported by the full faith and credit of the U.S. Government (such as securities of the Small Business Administration); by the right of the issuer to borrow from the U.S. Treasury (such as securities of the Federal Home Loan Bank); by the discretionary authority of the U.S. Government to purchase the agency's obligations (such as securities of the Federal National Mortgage Association); or only by the credit of the issuing agency.

Examples of agencies and instrumentalities which may not always receive financial support from the U.S. Government are: Federal Land Banks; Central Bank for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Banks; Farmers Home Administration; and Federal National Mortgage Association.

Obligations guaranteed by U.S. government agencies or government-sponsored entities include issues by non-government-sponsored entities (like financial institutions) that carry direct guarantees from U.S. government agencies as part of government initiatives in response to the market crisis or otherwise. In the case of obligations not backed by the full faith and credit of the United States, a portfolio must look principally to the agency or instrumentality issuing or guaranteeing the obligation for ultimate repayment and may not be able to assert a claim against the United States itself in the event the agency or instrumentality does not meet its commitments. Neither the U.S. government nor any of its agencies or instrumentalities guarantees the market value of the securities they issue. Therefore, the market value of such securities will fluctuate in response to changes in interest rates.

On August 5, 2011, S&P lowered the long-term sovereign credit rating assigned to the United States to AA+ with a negative outlook. On June 10, 2013, S&P revised the negative outlook to a stable outlook. The long-term impact of the downgrade or the impact of any potential future downgrades are unknown and could negatively impact the portfolios.

Variable and Floating Rate Securities

Variable and floating rate securities provide for a periodic adjustment in the interest rate paid on the obligations. The terms of such obligations provide that interest rates are adjusted periodically based upon an interest rate adjustment index as provided in the respective obligations. The adjustment intervals may be regular, and range from daily up to annually, or may be event-based, such as based on a change in the prime rate.

The interest rate on a floating rate debt instrument (a "floater") is a variable rate which is tied to another interest rate, such as a corporate bond index or Treasury bill rate. The interest rate on a floater resets periodically, typically every six months. Because of the interest rate reset feature, floaters may provide a portfolio with a certain degree of protection against rising interest rates, although a portfolio will participate in any declines in interest rates as well. A credit spread trade is an investment position relating to a difference in the prices or interest rates of two bonds or other securities or currencies, where the value of the investment position is determined by movements in the difference between the prices or interest rates, as the case may be, of the respective securities or currencies.

The interest rate on an inverse floating rate debt instrument (an "inverse floater") resets in the opposite direction from the market rate of interest to which the inverse floater is indexed. An inverse floating rate security may exhibit greater price volatility than a fixed rate obligation of similar credit quality.

A floater may be considered to be leveraged to the extent that its interest rate varies by a magnitude that exceeds the magnitude of the change in the index rate of interest. The higher degree of leverage inherent in some floaters is associated with greater volatility in their market values.

Such instruments may include variable amount master demand notes that permit the indebtedness thereunder to vary in addition to providing for periodic adjustments in the interest rate. The absence of an active secondary market with respect to particular variable and floating rate instruments could make it difficult for a portfolio to dispose of a variable or floating rate note if the issuer defaulted on its payment obligation or during periods that a portfolio is not entitled to exercise its demand rights, and a portfolio could, for these or other reasons, suffer a loss with respect to such instruments. In determining average-weighted portfolio maturity, an instrument will be deemed to have a maturity equal to either the period remaining until the next interest rate adjustment or the time a portfolio involved can recover payment of principal as specified in the instrument, depending on the type of instrument involved.

Variable rate master demand notes are unsecured commercial paper instruments that permit the indebtedness thereunder to vary and provide for periodic adjustment in the interest rate. Because variable rate master demand notes are direct lending arrangements between a portfolio and the issuer, they are not normally traded.

Although no active secondary market may exist for these notes, a portfolio may demand payment of principal and accrued interest at any time or may resell the note to a third party. While the notes are not typically rated by credit rating agencies, issuers of variable rate master demand notes must satisfy a sub-adviser that the ratings are within the two highest ratings of commercial paper.

In addition, when purchasing variable rate master demand notes, a sub-adviser will consider the earning power, cash flows, and other liquidity ratios of the issuers of the notes and will continuously monitor their financial status and ability to meet payment on demand.

In the event an issuer of a variable rate master demand note defaulted on its payment obligations, a portfolio might be unable to dispose of the note because of the absence of a secondary market and could, for this or other reasons, suffer a loss to the extent of the default.

All portfolios (except Transamerica JPMorgan Core Bond VP) will not invest more than 5% of their assets in inverse floaters. Transamerica JPMorgan Core Bond VP will not invest more than 10% of its assets in inverse floaters.

Municipal Securities

Municipal securities generally include debt obligations (bonds, notes or commercial paper) issued by or on behalf of any of the 50 states and their political subdivisions, agencies and public authorities, certain other governmental issuers (such as Puerto Rico, the U.S. Virgin Islands and Guam) or other qualifying issuers, participation or other interests in these securities and other related investments. Although the interest paid on municipal securities is generally excluded from gross income, a portfolio's distributions of interest paid on municipal securities will be subject to tax when distributed to taxable shareholders unless the portfolio reports the distributions as exempt-interest dividends. None of the funds expects to be eligible to distribute exempt-interest dividends. Exempt-interest dividends may be taken into account for purposes of the federal individual and corporate alternative minimum tax ("AMT").

Municipal securities are issued to obtain funds for various public purposes, including the construction of a wide range of public facilities, such as airports, bridges, highways, housing, hospitals, mass transportation, schools, streets, water and sewer works, gas, and electric utilities. They may also be issued to refund outstanding obligations, to obtain funds for general operating expenses, or to obtain funds to loan to other public institutions and facilities and in anticipation of the receipt of revenue or the issuance of other obligations.

The two principal classifications of municipal securities are "general obligation" securities and "limited obligation" or "revenue" securities. General obligation securities are secured by a municipal issuer's pledge of its full faith, credit, and taxing power for the payment of principal and interest. Accordingly, the capacity of the issuer of a general obligation bond as to the timely payment of interest and the repayment of principal when due is affected by the issuer's maintenance of its tax base. Revenue securities are payable only from the revenues derived from a particular facility or class of facilities or, in some cases, from the proceeds of a special excise tax or other specific revenue source. Accordingly, the timely payment of interest and the repayment of principal in accordance with the terms of the revenue security is a function of the economic viability of the facility or revenue source. Revenue securities include private activity bonds (described below) which are not payable from the unrestricted revenues of the issuer. Consequently, the credit quality of private activity bonds is usually directly related to the credit standing of the corporate user of the facility involved. Municipal securities may also include "moral obligation" bonds, which are normally issued by special purpose public authorities. If the issuer of moral obligation bonds is unable to meet its debt service obligations from current revenues, it may draw on a reserve fund the restoration of which is a moral commitment but not a legal obligation of the state or municipality which created the issuer.

Private Activity Bonds: Private activity bonds are issued by or on behalf of public authorities to provide funds, usually through a loan or lease arrangement, to a private entity for the purpose of financing construction of privately operated industrial facilities, such as warehouse, office, plant and storage facilities and environmental and pollution control facilities. Such bonds are secured primarily by revenues derived from loan repayments or lease payments due from the entity, which may or may not be guaranteed by a parent company or otherwise secured. Private activity bonds generally are not secured by a pledge of the taxing power of the issuer of such bonds. Therefore, repayment of such bonds generally depends on the revenue of a private entity. The continued ability of an entity to generate sufficient revenues for the payment of principal and interest on such bonds will be affected by many factors, including the size of the entity, its capital structure, demand for its products or services, competition, general economic conditions, government regulation and the entity's dependence on revenues for the operation of the particular facility being financed.

Interest income on certain types of private activity bonds issued after August 7, 1986 to finance non-governmental activities is a specific tax preference item for purposes of the AMT. Bonds issued in 2009 and 2010 generally are not treated as private activity bonds, and interest earned on such bonds generally is not treated as a tax preference item. Individual and corporate shareholders may be subject to a federal AMT to the extent that a portfolio's exempt-interest dividends are derived from interest on private activity bonds. Although exempt-interest dividends derived from interest income on tax-exempt municipal obligations are generally a component of the "current earnings" adjustment item for purposes of the federal corporate AMT, exempt-interest dividends derived from interest income on municipal obligations issued in 2009 and 2010 generally are not included in the current earnings adjustment.

Industrial Development Bonds: Industrial development bonds ("IDBs") are issued by public authorities to obtain funds to provide financing for privately-operated facilities for business and manufacturing, housing, sports, convention or trade show facilities, airport, mass transit, port and parking facilities, air or water pollution control facilities, and certain facilities for water supply, gas, electricity or sewerage or solid waste disposal. Although IDBs are issued by municipal authorities, the payment of principal and interest on IDBs is dependent solely on the ability of the user of the facilities financed by the bonds to meet its financial obligations and the pledge, if any, of the real and personal property being financed as security for such payments. IDBs are considered municipal securities if the interest paid is exempt from regular federal income tax. Interest earned on IDBs may be subject to the federal AMT.

Municipal Notes: Municipal notes are short-term debt obligations issued by municipalities which normally have a maturity at the time of issuance of six months to three years. Such notes include tax anticipation notes, bond anticipation notes, revenue anticipation notes and project notes. Notes sold in anticipation of collection of taxes, a bond sale or receipt of other revenues are normally obligations of the issuing municipality or agency.

Municipal Commercial Paper: Municipal commercial paper is short-term debt obligations issued by municipalities. Although done so infrequently, municipal commercial paper may be issued at a discount (sometimes referred to as Short-Term Discount Notes). These obligations are issued to meet seasonal working capital needs of a municipality or interim construction financing and are paid from a municipality's general revenues or refinanced with long-term debt. Although the availability of municipal commercial paper has been limited, from time to time the amounts of such debt obligations offered have increased, and this increase may continue.

Participation Interests: A participation interest in municipal obligations (such as private activity bonds and municipal lease obligations) gives a portfolio an undivided interest in the municipal obligation in the proportion that the portfolio's participation interest bears to the total principal amount of the municipal obligation. Participation interests in municipal obligations may be backed by an irrevocable letter of credit or guarantee of, or a right to put to, a bank (which may be the bank issuing the participation interest, a bank issuing a confirming letter of credit to that of the issuing bank, or a bank serving as agent of the issuing bank with respect to the possible repurchase of the participation interest) or insurance policy of an insurance company. A portfolio has the right to sell the participation interest back to the institution or draw on the letter of credit or insurance after a specified period of notice, for all or any part of the full principal amount of the portfolio's participation in the security, plus accrued interest. Purchase of a participation interest may involve the risk that a portfolio will not be deemed to be the owner of the underlying municipal obligation for purposes of the ability to claim tax exemption of interest paid on that municipal obligation.

Variable Rate Obligations: The interest rate payable on a variable rate municipal obligation is adjusted either at predetermined periodic intervals or whenever there is a change in the market rate of interest upon which the interest rate payable is based. A variable rate obligation may include a demand feature pursuant to which a portfolio would have the right to demand prepayment of the principal amount of the obligation prior to its stated maturity. The issuer of the variable rate obligation may retain the right to prepay the principal amount prior to maturity.

Municipal Lease Obligations: Municipal lease obligations may take the form of a lease, an installment purchase or a conditional sales contract. Municipal lease obligations are issued by state and local governments and authorities to acquire land, equipment and facilities such as state and municipal vehicles, telecommunications and computer equipment, and other capital assets. Interest payments on qualifying municipal leases are exempt from federal income taxes. A portfolio may purchase these obligations directly, or they may purchase participation interests in such obligations. Municipal leases are generally subject to greater risks than general obligation or revenue bonds. State laws set forth requirements that states or municipalities must meet in order to issue municipal obligations; and such obligations may contain a covenant by the issuer to budget for, appropriate, and make payments due under the obligation. However, certain municipal lease obligations may contain "non-appropriation" clauses which provide that the issuer is not obligated to make payments on the obligation in future years unless funds have been appropriated for this purpose each year. Accordingly, such obligations are subject to "non-appropriation" risk. While municipal leases are secured by the underlying capital asset, it may be difficult to dispose of such assets in the event of non-appropriation or other default.

Residual Interest Bonds: Residual Interest Bonds (sometimes referred to as inverse floaters) ("RIBs") are created by brokers by depositing a Municipal Bond in a trust. The trust in turn issues a variable rate security and RIBs. The interest rate on the short-term component is reset by an index or auction process normally every seven to 35 days, while the RIB holder receives the balance of the income from the underlying Municipal Bond less an auction fee. Therefore, rising short-term interest rates result in lower income for the RIB, and vice versa. An investment in RIBs typically will involve greater risk than an investment in a fixed rate bond. RIBs have interest rates that bear an inverse relationship to the interest rate on another security or the value of an index. Because increases in the interest rate on the other security or index reduce the residual interest paid on a RIB, the value of a RIB is generally more volatile than that of a fixed rate bond. RIBs have interest rate adjustment formulas that generally reduce or, in the extreme, eliminate the interest paid to a portfolio when short-term interest rates rise, and increase the interest paid to the funds when short-term interest rates fall. RIBs have varying degrees of liquidity that approximate the liquidity of the underlying bond(s), and the market price for these securities is volatile. RIBs can be very volatile and may be less liquid than other Municipal Bonds of comparable maturity. These securities will generally underperform the market of fixed rate bonds in a rising interest rate environment, but tend to outperform the market of fixed rate bonds when interest rates decline or remain relatively stable.

Tax-Exempt Commercial Paper: Tax-exempt commercial paper is a short-term obligation with a stated maturity of 270 days or less. It is issued by state and local governments or their agencies to finance seasonal working capital needs or as short term financing in anticipation of longer term financing. While tax-exempt commercial paper is intended to be repaid from general revenues or refinanced, it frequently is backed by a letter of credit, lending arrangement, note repurchase agreement or other credit facility agreement offered by a bank or financial institution.

Custodial Receipts and Certificates: Custodial receipts or certificates underwritten by securities dealers or banks evidence ownership of future interest payments, principal payments or both on certain municipal obligations. The underwriter of these certificates or receipts typically purchases municipal obligations and deposits the obligations in an irrevocable trust or custodial account with a custodian bank, which then issues receipts or certificates that evidence ownership of the periodic unmatured coupon payments and the final principal payment on the obligations. Although under the terms of a custodial receipt, a portfolio would be typically authorized to assert its rights directly against the issuer of the underlying obligation, a portfolio could be required to assert through the custodian bank those rights as may exist against the underlying issuer. Thus, in the event the underlying issuer fails to pay principal and/or interest when due, the portfolio may be subject to delays, expenses and risks that are greater than those that would have been involved if the portfolio had purchased a direct obligation of the issuer. In addition, in the event that the trust or custodial account in which the underlying security has been deposited is determined to be an association taxable as a corporation, instead of a non-taxable entity, the yield on the underlying security would be reduced in recognition of any taxes paid.

Stand-By Commitments: Under a stand-by commitment a dealer agrees to purchase, at the portfolio's option, specified municipal obligations held by the portfolio at a specified price and, in this respect, stand-by commitments are comparable to put options. A stand-by commitment entitles the holder to achieve same day settlement and to receive an exercise price equal to the amortized cost of the underlying security plus accrued interest, if any, at the time of exercise. The portfolio will be subject to credit risk with respect to an institution providing a stand-by commitment and a decline in the credit quality of the institution could cause losses to the portfolio.

Tender Option Bonds: A tender option bond is a municipal bond (generally held pursuant to a custodial arrangement) having a relatively long maturity and bearing interest at a fixed rate substantially higher than prevailing short-term tax-exempt rates, that has been coupled with the agreement of a third party, such as a financial institution, pursuant to which such institution grants the security holders the option, at periodic intervals, to tender their securities to the institution and receive the face value thereof. As consideration for providing the option, the institution generally receives periodic fees equal to the difference between the municipal bond's fixed coupon rate and the rate, as determined by a remarketing or similar agent, that would cause the securities, coupled with the tender option, to trade at par. Thus, after payment of this fee, the security holder would effectively hold a demand obligation that bears interest at the prevailing short-term tax-exempt rate.

Loan Participations and Assignments

Loan participations typically represent direct participation in a loan to a corporate borrower, and generally are offered by banks or other financial institutions or lending syndicates. A portfolio may participate in such syndications, or can buy part of a loan, becoming a lender. A portfolio's investment in a loan participation typically will result in the portfolio having a contractual relationship only with the lender and not with the borrower. A portfolio will have the right to receive payments of principal, interest and any fees to which it is entitled only from the lender selling the participation and only upon receipt by the lender of the payments from the borrower. In connection with purchasing a participation, a portfolio generally will have no right to enforce compliance by the borrower with the terms of the loan agreement relating to the loan, nor any right of set-off against the borrower, and the portfolio may not directly benefit from any collateral supporting the loan in which it has purchased the participation. As a result, a portfolio may be subject to the credit risk of both the borrower and the lender that is selling the participation. In the event of the insolvency of the lender selling a participation, a portfolio may be treated as a general creditor of the lender and may not benefit from any set-off between the lender and the borrower. Some loans may be secured in whole or in part by assets or other collateral. In other cases, loans may be unsecured or may become undersecured by declines in the value of assets or other collateral securing such loan.

When a portfolio purchases a loan assignment from lenders, it will acquire direct rights against the borrowers on the loan. Because assignments are arranged through private negotiations between potential assignees and potential assignors, however, the rights and obligations acquired by a portfolio as the purchaser of an assignment may differ from, and be more limited than, those held by the assigning lender.

Certain of the participations or assignments acquired by a portfolio may involve unfunded commitments of the lenders or revolving credit facilities under which a borrower may from time to time borrow and repay amounts up to the maximum amount of the facility. In such cases, the portfolio would have an obligation to advance its portion of such additional borrowings upon the terms specified in the loan documentation. A portfolio may acquire loans of borrowers that are experiencing, or are more likely to experience, financial difficulty, including loans of borrowers that have filed for bankruptcy protection. Although loans in which a portfolio may invest generally will be secured by specific collateral, there can be no assurance that liquidation of such collateral would satisfy the borrower's obligation in the event of nonpayment of scheduled interest or principal, or that such collateral could be readily liquidated. 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 the collateral securing a senior loan.

Because there is no liquid market for commercial loans, the portfolios anticipate that such securities could be sold only to a limited number of institutional investors. The lack of a liquid secondary market may have an adverse impact on the value of such securities and a portfolio's ability to dispose of particular assignments or participations when necessary to meet redemptions of fund shares, to meet the portfolio's liquidity needs or when necessary in response to a specific economic event, such as deterioration in the creditworthiness of the borrower. The lack of a liquid secondary market also may make it more difficult for a portfolio to assign a value to those securities for purposes of valuing the portfolio's investments and calculating its net asset value.

Investments in loans through a direct assignment of the financial institution's interests with respect to the loan may involve additional risks to a portfolio. For example, if a loan is foreclosed, a portfolio could become part owner of any collateral, and would bear the costs and liabilities associated with owning and disposing of the collateral. In addition, it is conceivable that under emerging legal theories of lender liability, a portfolio could be held liable as co-lender. It is unclear whether loans and other forms of direct indebtedness offer securities law protections against fraud and misrepresentation. In the absence of definitive regulatory guidance, a portfolio relies on its sub-adviser's research in an attempt to avoid situations where fraud or misrepresentation could adversely affect the portfolio.

Subordinated Securities

Subordinated securities are subordinated or "junior" to more senior securities of the issuer, or which represent interests in pools of such subordinated or junior securities. Such securities may include so-called "high yield" or "junk" bonds (i.e., bonds that are rated below investment grade by a rating agency or that are determined by a portfolio's sub-adviser to be of equivalent quality) and preferred stock. Under the terms of subordinated securities, payments that would otherwise be made to their holders may be required to be made to the holders of more senior securities, and/or the subordinated or junior securities may have junior liens, if they have any rights at all, in any collateral (meaning proceeds of the collateral are required to be paid first to the holders of more senior securities). As a result, subordinated or junior securities will be disproportionately adversely affected by a default or even a perceived decline in creditworthiness of the issuer.

Participation Interests

A participation interest gives a portfolio an undivided interest in the security in the proportion that the portfolio's participation interest bears to the total principal amount of the security. These instruments may have fixed, floating or variable rates of interest, with remaining maturities of 13 months or less. If the participation interest is unrated, or has been given a rating below that which is permissible for purchase by a portfolio, the participation interest will be backed by an irrevocable letter of credit or guarantee of a bank, or the payment obligation otherwise will be collateralized by U.S. government securities, or, in the case of unrated participation interests, the portfolio's sub-adviser must have determined that the instrument is of comparable quality to those instruments in which the portfolio may invest. For certain participation interests, a portfolio will have the right to demand payment, on not more than seven days' notice, for all or any part of the portfolio's participation interest in the security, plus accrued interest. As to these instruments, a portfolio intends to exercise its right to demand payment only upon a default under the terms of the security, as needed to provide liquidity to meet redemptions, or to maintain or improve the quality of its investment portfolio.

Unsecured Promissory Notes

A portfolio also may purchase unsecured promissory notes which are not readily marketable and have not been registered under the 1933 Act, provided such investments are consistent with the portfolio's investment objective.

Guaranteed Investment Contracts

A portfolio may invest in guaranteed investment contracts ("GICs") issued by insurance companies. Pursuant to such contracts, a portfolio makes cash contributions to a deposit portfolio of the insurance company's general account. The insurance company then credits to the portfolio guaranteed interest. The GICs provide that this guaranteed interest will not be less than a certain minimum rate. The insurance company may assess periodic charges against a GIC for expenses and service costs allocable to it, and the charges will be deducted from the value of the deposit portfolio. Because a portfolio may not receive the principal amount of a GIC from the insurance company on seven days' notice or less, the GIC is considered an illiquid investment. In determining average weighted portfolio maturity, a GIC will be deemed to have a maturity equal to the longer of the period of time remaining until the next readjustment of the guaranteed interest rate or the period of time remaining until the principal amount can be recovered from the issuer through demand.

Credit-Linked Securities

Credit-linked securities are issued by a limited purpose trust or other vehicle that, in turn, invests in a basket of derivative instruments, such as credit default swaps, interest rate swaps and other securities, in order to provide exposure to certain high yield or other fixed income markets. For example, a portfolio may invest in credit-linked securities as a cash management tool in order to gain exposure to the high yield markets and/or to remain fully invested when more traditional income producing securities are not available. Like an investment in a bond, investments in credit-linked securities represent the right to receive periodic income payments (in the form of distributions) and payment of principal at the end of the term of the security. However, these payments are conditioned on the trust's receipt of payments from, and the trust's potential obligations to, the counterparties to the derivative instruments and other securities in which the trust invests. For instance, the trust may sell one or more credit default swaps, under which the trust would receive a stream of payments over the term of the swap agreements provided that no event of default has occurred with respect to the referenced debt obligation upon which the swap is based. If a default occurs, the stream of payments may stop and the trust would be obligated to pay the counterparty the par (or other agreed upon value) of the referenced debt obligation. This, in turn, would reduce the amount of income and principal that a portfolio would receive as an investor in the trust. A portfolio's investments in these instruments are indirectly subject to the risks associated with derivative instruments, including, among others, credit risk, default or similar event risk, counterparty risk, interest rate risk, leverage risk and management risk. It is expected that the securities will be exempt from registration under the 1933 Act. Accordingly, there may be no established trading market for the securities and they may constitute illiquid investments.

Certain issuers of structured products may be deemed to be investment companies as defined in the 1940 Act. As a result, the portfolios' investments in these structured products may be subject to limits applicable to investments in investment companies and may be subject to restrictions contained in the 1940 Act.

Event-Linked Bonds

A portfolio may invest a portion of its net assets in "event-linked bonds," which are fixed income securities for which the return of principal and payment of interest is contingent on the non-occurrence of specific "trigger" event, such as a hurricane, earthquake, or other physical or weather-related phenomenon. Some event-linked bonds are commonly referred to as "catastrophe bonds." If a trigger event causes losses exceeding a specific amount in the geographic region and time period specified in a bond, a portfolio investing in the bond may lose a portion or all of its principal invested in the bond. If no trigger event occurs, the portfolio will recover its principal plus interest. For some event-linked bonds, the trigger event or losses may be based on company-wide losses, index-portfolio losses, industry indices, or readings of scientific instruments rather than specified actual losses. Often the event-linked bonds provide for extensions of maturity that are mandatory, or optional at the discretion of the issuer, in order to process and audit loss claims in those cases where a trigger event has, or possibly has, occurred. An extension of maturity may increase volatility. In addition to the specified trigger events, event-linked bonds also may expose a portfolio to certain unanticipated risks including but not limited to issuer risk, credit risk, counterparty risk, adverse regulatory or jurisdictional interpretations, liquidity risk, and adverse tax consequences.

Certain portfolios may invest up to 5% of its net assets in "event-linked bonds."

Equity Securities and Related Investments

Equity securities, such as common stock, generally represent an ownership interest in a company. While equity securities have historically generated higher average returns than fixed income securities, equity securities have also experienced significantly more volatility in those returns. An adverse event, such as an unfavorable earnings report, may depress the value of a particular equity security held by a portfolio. Also, the prices of equity securities, particularly common stocks, are sensitive to general movements in the stock market. A drop in the stock market may depress the price of equity securities held by a portfolio.

Holders of equity securities are not creditors of the issuer. As such, if an issuer liquidates, holders of equity securities are entitled to their pro rata share of the issuer's assets, if any, after creditors (including the holders of fixed income securities and senior equity securities) are paid.

There may be little trading in the secondary market for particular equity securities, which may adversely affect a portfolio's ability to value accurately or dispose of such equity securities. Adverse publicity and investor perceptions, whether or not based on fundamental analysis, may decrease the value and/or liquidity of equity securities.

Common Stocks: Common stocks are the most prevalent type of equity security. Common stockholders receive the residual value of the issuer's earnings and assets after the issuer pays its creditors and any preferred stockholders. As a result, changes in an issuer's earnings directly influence the value of its common stock.

Preferred Stocks: A portfolio may purchase preferred stock. Preferred stock pays dividends at a specified rate and has preference over common stock in the payment of dividends and the liquidation of an issuer's assets but is junior to the debt securities of the issuer in those same respects. Preferred stock generally pays quarterly dividends. Preferred stocks may differ in many of their provisions. Among the features that differentiate preferred stocks from one another are the dividend rights, which may be cumulative or non-cumulative and participating or non-participating, redemption provisions, and voting rights. Such features will establish the income return and may affect the prospects for capital appreciation or risks of capital loss.

The market prices of preferred stocks are subject to changes in interest rates and are more sensitive to changes in an issuer's creditworthiness than are the prices of debt securities. Shareholders of preferred stock may suffer a loss of value if dividends are not paid. Under ordinary circumstances, preferred stock does not carry voting rights.

Investments in Initial Public Offerings: A portfolio may invest in initial public offerings of equity securities. The market for such securities may be more volatile and entail greater risk of loss than investments in more established companies. Investments in initial public offerings may represent a significant portion of a portfolio's investment performance. A portfolio cannot assure that investments in initial public offerings will continue to be available to the fund or, if available, will result in positive investment performance. In addition, as a portfolio's portfolio grows in size, the impact of investments in initial public offerings on the overall performance of the portfolio is likely to decrease.

Warrants and Rights

A portfolio may invest in warrants and rights. A warrant is a type of security that entitles the holder to buy a given number of common stock at a specified price, usually higher than the market price at the time of issuance, for a period of years or to perpetuity. The purchaser of a warrant expects the market price of the security will exceed the purchase price of the warrant plus the exercise price of the warrant, thus resulting in a profit. Of course, because the market price may never exceed the exercise price before the expiration date of the warrant, the purchaser of the warrant risks the loss of the entire purchase price of the warrant. In contrast, rights, which also represent the right to buy common shares, normally have a subscription price lower than the current market value of the common stock and are offered during a set subscription period.

Warrants and rights are subject to the same market risks as common stocks, but may be more volatile in price. An investment in warrants or rights may be considered speculative. In addition, the value of a warrant or right does not necessarily change with the value of the underlying securities and a warrant or right ceases to have value if it is not exercised prior to its expiration date.

Derivatives

The following investments are subject to limitations as set forth in each portfolio's investment restrictions and policies.

A portfolio may utilize options, futures contracts (sometimes referred to as "futures"), options on futures contracts, forward contracts, swaps, swaps on futures contracts, caps, floors, collars, indexed securities, various mortgage-related obligations, structured or synthetic financial instruments and other derivative instruments (collectively, "Financial Instruments"). A portfolio may use Financial Instruments for any purpose, including as a substitute for other investments, to attempt to enhance its portfolio's return or yield and to alter the investment characteristics of its portfolio (including to attempt to mitigate risk of loss in some fashion, or "hedge"). A portfolio may choose not to make use of derivatives for a variety of reasons, and no assurance can be given that any derivatives strategy employed will be successful.

The U.S. government is in the process of adopting and implementing regulations governing derivatives markets, including mandatory clearing and on-facility execution of certain derivatives, margin and reporting requirements. These and other regulations could adversely affect the value, availability and performance of derivative instruments, may make them more costly, and may limit or restrict their use by a portfolio.

The use of Financial Instruments may be limited by applicable law and any applicable regulations of the SEC, the Commodity Futures Trading Commission (the "CFTC"), or the exchanges on which some Financial Instruments may be traded. (Note, however, that some Financial Instruments that a portfolio may use may not be listed on any exchange and may not be regulated by the SEC or the CFTC.) In addition, a portfolio's ability to use Financial Instruments may be limited by tax considerations.

In addition to the instruments and strategies discussed in this section, a sub-adviser may discover additional opportunities in connection with Financial Instruments and other similar or related techniques. These opportunities may become available as a sub-adviser develops new techniques, as regulatory authorities broaden the range of permitted transactions and as new Financial Instruments or other techniques are developed. A sub-adviser may utilize these opportunities and techniques to the extent that they are consistent with a portfolio's investment objective and permitted by its investment limitations and applicable regulatory authorities. These opportunities and techniques may involve risks different from or in addition to those summarized herein.

This discussion is not intended to limit a portfolio's investment flexibility, unless such a limitation is expressly stated, and therefore will be construed by a portfolio as broadly as possible. Statements concerning what a portfolio may do are not intended to limit any other activity. Also, as with any investment or investment technique, even when the prospectus or this discussion indicates that a portfolio may engage in an activity, it may not actually do so for a variety of reasons, including cost considerations.

The use of Financial Instruments involves special considerations and risks, certain of which are summarized below, and may result in losses to a portfolio. In general, the use of Financial Instruments may increase the volatility of a portfolio and may involve a small investment of cash relative to the magnitude of the risk or exposure assumed. Even a small investment in derivatives may magnify or otherwise increase investment losses to a portfolio. As noted above, there can be no assurance that any derivatives strategy will succeed.

- Financial Instruments are subject to the risk that the market value of the derivative itself or the market value of underlying instruments will change in a way adverse to a portfolio's interest. Many Financial Instruments are complex, and successful use of them depends in part upon the sub-adviser's ability to forecast correctly future market trends and other financial or economic factors or the value of the underlying security, index, interest rate or currency. Even if a sub-adviser's forecasts are correct, other factors may cause distortions or dislocations in the markets that result in unsuccessful transactions. Financial Instruments may behave in unexpected ways, especially in abnormal or volatile market conditions.
- A portfolio may be required to maintain assets as "cover," maintain segregated accounts, post collateral or make margin payments when it takes positions in Financial Instruments. Assets that are segregated or used as cover, margin or collateral may be required to be in the form of cash or liquid securities, and typically may not be sold while the position in the Financial Instrument is open unless they are replaced with other appropriate assets. If markets move against a portfolio's position, the portfolio may be required to maintain or post additional assets and may have to dispose of existing investments to obtain assets acceptable as collateral or margin. This may prevent it from pursuing its investment objective. Assets that are segregated or used as cover, margin or collateral typically are invested, and these investments are subject to risk and may result in losses to a portfolio. These losses may be substantial, and may be in addition to losses incurred by using the Financial Instrument in question. If a portfolio is unable to close out its positions, it may be required to continue to maintain such assets or accounts or make such payments until the positions expire or mature, and the portfolio will continue to be subject to investment risk on the assets. Segregation, cover, margin and collateral requirements may impair a portfolio's ability to sell a portfolio security or make an investment at a time when it would otherwise be favorable to do so, or require the portfolio to sell a portfolio security or close out a derivatives position at a disadvantageous time or price.

- A portfolio's ability to close out or unwind a position in a Financial Instrument prior to expiration or maturity depends on the existence of a liquid market or, in the absence of such a market, the ability and willingness of the other party to the transaction (the "counterparty") to enter into a transaction closing out the position. If there is no market or a portfolio is not successful in its negotiations, a portfolio may not be able to sell or unwind the derivative position at a particular time or at an anticipated price. This may also be the case if the counterparty to the Financial Instrument becomes insolvent. A portfolio may be required to make delivery of portfolio securities or other assets underlying a Financial Instrument in order to close out a position or to sell portfolio securities or assets at a disadvantageous time or price in order to obtain cash to close out the position. While the position remains open, a portfolio continues to be subject to investment risk on the Financial Instrument. A portfolio may or may not be able to take other actions or enter into other transactions, including hedging transactions, to limit or reduce its exposure to the Financial Instrument.
- Certain Financial Instruments transactions may have a leveraging effect on a portfolio, and adverse changes in the value of the underlying security, index, interest rate, currency or other instrument or measure can result in losses substantially greater than the amount invested in the Financial Instrument itself. When a portfolio engages in transactions that have a leveraging effect, the value of the portfolio is likely to be more volatile and all other risks also are likely to be compounded. This is because leverage generally magnifies the effect of any increase or decrease in the value of an asset and creates investment risk with respect to a larger pool of assets than a portfolio would otherwise have. Certain Financial Instruments have the potential for unlimited loss, regardless of the size of the initial investment.
- Many Financial Instruments may be difficult to value or may be valued subjectively. Inaccurate valuations can result in increased payment requirements to counterparties or a loss of value to a portfolio.
- Liquidity risk exists when a particular Financial Instrument is difficult to purchase or sell. If a derivative transaction is particularly large or if the relevant market is illiquid, a portfolio may be unable to initiate a transaction or liquidate a position at an advantageous time or price. Certain Financial Instruments, including certain over-the-counter (or "OTC") options and swaps, may be considered illiquid and therefore subject to a portfolio's limitation on investments in illiquid securities.
- In a hedging transaction there may be imperfect correlation, or even no correlation, between the identity, price or price movements of a Financial Instrument and the identity, price or price movements of the investments being hedged. This lack of correlation may cause the hedge to be unsuccessful and may result in a portfolio incurring substantial losses and/or not achieving anticipated gains.
- Hedging strategies can reduce opportunity for gain by offsetting the positive effect of favorable price movements. Even if the strategy works as intended, a portfolio might be in a better position had it not attempted to hedge at all.
- Financial Instruments transactions used for non-hedging purposes may result in losses which would not be offset by increases in the value of portfolio securities or declines in the cost of securities to be acquired. In the event that a portfolio enters into a derivatives transaction as an alternative to purchasing or selling other investments or in order to obtain desired exposure to an index or market, the portfolio will be exposed to the same risks as are incurred in purchasing or selling the other investments directly, as well as the risks of the derivatives transaction itself.
- Certain Financial Instruments transactions involve the risk of loss resulting from the insolvency or bankruptcy of the counterparty or the failure by the counterparty to make required payments or otherwise comply with the terms of the contract. In the event of default by a counterparty, a portfolio may have contractual remedies pursuant to the agreements related to the transaction, which may be limited by applicable law in the case of the counterparty's bankruptcy.
- Certain Financial Instruments transactions, including certain options, swaps, forward contracts, and certain options on foreign currencies, are not entered into or traded on exchanges or in markets regulated by the CFTC or the SEC. Instead, such OTC derivatives are entered into directly by the counterparties and may be traded only through financial institutions acting as market makers. Many of the protections afforded to exchange participants will not be available to participants in OTC derivatives transactions. For example, OTC derivatives transactions are not subject to the guarantee of an exchange or clearinghouse and as a result a portfolio bears greater risk of default by the counterparties to such transactions. Information available on counterparty creditworthiness may be incomplete or outdated, thus reducing the ability to anticipate counterparty defaults.
- Swap contracts involve special risks. Swaps may in some cases be illiquid. In the absence of a central exchange or market for swap transactions, they may be difficult to trade or value, especially in the event of market disruptions. The Dodd-Frank Act established a comprehensive new regulatory framework for swaps. Under this framework, regulation of the swap market is divided between the SEC and the CFTC. The SEC and CFTC have approved a number rules and interpretations as part of the establishment of this new regulatory regime. It is possible that developments in the swap market, including these new or additional regulations, could adversely affect a portfolio's ability to terminate existing swap agreements or to realize amounts to be received under such agreements. Credit default swaps involve additional risks. For example, credit default swaps increase credit risk since a portfolio has exposure to both the issuer of the referenced obligation (typically a debt obligation) and the counterparty to the credit default swap.
- Certain derivatives, such as interest rate swaps and credit default swaps that are based on an index, are required under applicable law to be cleared by a regulated clearinghouse. Swaps subject to this requirement are typically submitted for clearing through brokerage firms that are members of the clearinghouse. A portfolio would establish an account with a brokerage firm to facilitate clearing such a swap, and the clearinghouse would become the portfolio's counterparty. A brokerage firm would guarantee the portfolio's performance on the swap to the clearinghouse. The portfolio would be exposed to the credit risk of the clearinghouse and the brokerage firm that holds the

cleared swap. The brokerage firm also would impose margin requirements with respect to open cleared swap positions held by the portfolio, and the brokerage firm would be able to require termination of those positions in certain circumstances. These margin requirements and termination provisions may adversely affect the portfolio's ability to trade cleared swaps. In addition, the portfolio may not be able to recover the full amount of its margin from a brokerage firm if the firm were to go into bankruptcy. It is also possible that the portfolio would not be able to enter into a swap transaction that is required to be cleared if no clearinghouse will accept the swap for clearing.

- Swaps that are required to be cleared must be traded on a regulated execution facility or contract market that makes them available for trading. The transition from trading swaps bilaterally to trading them on such a facility or market may not result in swaps being easier to trade or value and may present certain execution risks if these facilities and markets do not operate properly. On-facility trading of swaps is also expected to lead to greater standardization of their terms. It is possible that a portfolio may not be able to enter into swaps that fully meet its investment needs, or that the costs of entering into customized swaps, including any applicable margin requirements, will be significant.
- Financial Instruments involve operational risk. There may be incomplete or erroneous documentation or inadequate collateral or margin, or transactions may fail to settle. The risk of operational failures may be higher for OTC derivatives transactions. For derivatives not guaranteed by an exchange, a portfolio may have only contractual remedies in the event of a counterparty default, and there may be delays, costs, disagreements as to the meaning of contractual terms and litigation, in enforcing those remedies.
- Financial Instruments transactions conducted outside the United States may not be conducted in the same manner as those entered into on U.S. exchanges, and may be subject to different margin, exercise, settlement or expiration procedures. Many of the risks of OTC derivatives transactions are also applicable to derivatives transactions conducted outside the United States. Derivatives transactions conducted outside the United States also are subject to the risks affecting foreign securities, currencies and other instruments.
- Financial Instruments involving currency are subject to additional risks. Currency related transactions may be negatively affected by government exchange controls, blockages, and manipulations. Exchange rates may be influenced by factors extrinsic to a country's economy. Also, there is no systematic reporting of last sale information with respect to foreign currencies. As a result, the information on which trading in currency derivatives is based may not be as complete as, and may be delayed beyond, comparable data for other transactions.
- Use of Financial Instruments involves transaction costs, which may be significant. Use of Financial Instruments also may increase the amount of income that would be subject to tax when distributed by a portfolio to taxable shareholders.

Hedging: As stated above, the term "hedging" often is used to describe a transaction or strategy that is intended to mitigate risk of loss in some fashion. Hedging strategies can be broadly categorized as "short hedges" and "long hedges." A short hedge is a purchase or sale of a Financial Instrument intended partially or fully to offset potential declines in the value of one or more investments held in a portfolio's portfolio. In a short hedge, a portfolio takes a position in a Financial Instrument whose price is expected to move in the opposite direction of the price of the investment being hedged.

Conversely, a long hedge is a purchase or sale of a Financial Instrument intended partially or fully to offset potential increases in the acquisition cost of one or more investments that a portfolio intends to acquire. Thus, in a long hedge, a portfolio takes a position in a Financial Instrument whose price is expected to move in the same direction as the price of the prospective investment being hedged. A long hedge is sometimes referred to as an anticipatory hedge. In an anticipatory hedge transaction, a portfolio does not own a corresponding security and, therefore, the transaction does not relate to the portfolio security that a portfolio owns. Rather, it relates to a security that a portfolio intends to acquire. If a portfolio does not complete the hedge by purchasing the security it anticipated purchasing, the effect on the portfolio's portfolio is the same as if the transaction were entered into for speculative purposes.

In hedging transactions, Financial Instruments on securities (such as options and/or futures) generally are used to attempt to hedge against price movements in one or more particular securities positions that a portfolio owns or intends to acquire. Financial Instruments on indices, in contrast, generally are used to attempt to hedge against price movements in market sectors in which a portfolio has invested or expects to invest. Financial Instruments on debt securities generally are used to hedge either individual securities or broad debt market sectors.

Options – Generally: A call option gives the purchaser the right to buy, and obligates the writer to sell, the underlying investment at the agreed-upon price during the option period. A put option gives the purchaser the right to sell, and obligates the writer to buy, the underlying investment at the agreed-upon price during the option period. Purchasers of options pay an amount, known as a premium, to the option writer in exchange for the right under the option contract.

Exchange-traded options in the United States are issued by a clearing organization affiliated with the exchange on which the option is listed that, in effect, guarantees completion of every exchange-traded option transaction. In contrast, OTC options are contracts between a portfolio and its counterparty (usually a securities dealer or a bank) with no clearing organization guarantee. Unlike exchange-traded options, which are standardized with respect to the underlying instrument, expiration date, contract size, and strike price, the terms of OTC options generally are established through negotiation with the other party to the option contract. When a portfolio purchases an OTC option, it relies on the counterparty from whom it purchased the option to make or take delivery of the underlying investment upon exercise of the option. Failure by the counterparty to do so would result in the loss of any premium paid by a portfolio as well as the loss of any expected benefit of the transaction.

Writing put or call options can enable a portfolio to enhance income or yield by reason of the premiums paid by the purchasers of such options. However, a portfolio may also suffer a loss. For example, if the market price of the security underlying a put option written by a portfolio declines to less than the exercise price of the option, minus the premium received, it can be expected that the option will be exercised and a portfolio would be required to purchase the security at more than its market value. If a security appreciates to a price higher than the exercise price of a call option written by a portfolio, it can be expected that the option will be exercised and a portfolio will be obligated to sell the security at less than its market value.

The value of an option position will reflect, among other things, the current market value of the underlying investment, the time remaining until expiration, the relationship of the exercise price to the market price of the underlying investment, the historical price volatility of the underlying investment and general market conditions. Options purchased by a portfolio that expire unexercised have no value, and the portfolio will realize a loss in the amount of the premium paid and any transaction costs. If an option written by a portfolio expires unexercised, the portfolio realizes a gain equal to the premium received at the time the option was written. Transaction costs must be included in these calculations.

A portfolio may effectively terminate its right or obligation under an option by entering into a closing transaction. For example, a portfolio may terminate its obligation under a call or put option that it had written by purchasing an identical call or put option; this is known as a closing purchase transaction. Conversely, a portfolio may terminate a position in a put or call option it had purchased by writing an identical put or call option; this is known as a closing sale transaction. Closing transactions permit a portfolio to realize profits or limit losses on an option position prior to its exercise or expiration. There can be no assurance that it will be possible for a portfolio to enter into any closing transaction.

A type of put that a portfolio may purchase is an "optional delivery standby commitment," which is entered into by parties selling debt securities to a portfolio. An optional delivery standby commitment gives a portfolio the right to sell the security back to the seller on specified terms. This right is provided as an inducement to purchase the security.

Options on Indices: Puts and calls on indices are similar to puts and calls on securities (described above) or futures contracts (described below) except that all settlements are in cash and gain or loss depends on changes in the index in question rather than on price movements in individual securities or futures contracts. When a portfolio writes a call on an index, it receives a premium and agrees that, prior to the expiration date, the purchaser of the call, upon exercise of the call, will receive from a portfolio an amount of cash if the closing level of the index upon which the call is based is greater than the exercise price of the call. The amount of cash is equal to the difference between the closing price of the index and the exercise price of the call times a specified multiple ("multiplier"), which determines the total dollar value for each point of such difference. When a portfolio buys a call on an index, it pays a premium and has the same rights as to such call as are indicated above. When a portfolio buys a put on an index, it pays a premium and has the right, prior to the expiration date, to require the seller of the put, upon the portfolio's exercise of the put, to deliver to the portfolio an amount of cash if the closing level of the index upon which the put is based is less than the exercise price of the put, which amount of cash is determined by the multiplier, as described above for calls. When a portfolio writes a put on an index, it receives a premium and the purchaser of the put has the right, prior to the expiration date, to require the portfolio to deliver to it an amount of cash equal to the difference between the closing level of the index and exercise price times the multiplier if the closing level is less than the exercise price.

Options on indices may, depending on the circumstances, involve greater risk than options on securities. Because index options are settled in cash, when a portfolio writes a call on an index it may not be able to provide in advance for its potential settlement obligations by acquiring and holding the underlying securities.

Futures Contracts and Options on Futures Contracts: A financial futures contract sale creates an obligation by the seller to deliver the type of Financial Instrument or, in the case of index and similar futures, cash, called for in the contract in a specified delivery month for a stated price. A financial futures contract purchase creates an obligation by the purchaser to take delivery of the asset called for in the contract in a specified delivery month at a stated price. Options on futures give the purchaser the right to assume a position in a futures contract at the specified option exercise price at any time during the period of the option.

Futures strategies can be used to change the duration of a portfolio's portfolio. If a sub-adviser wishes to shorten the duration of the portfolio's portfolio, a portfolio may sell a debt futures contract or a call option thereon, or purchase a put option on that futures contract. If a sub-adviser wishes to lengthen the duration of a portfolio's portfolio, the portfolio may buy a debt futures contract or a call option thereon, or sell a put option thereon.

Futures contracts may also be used for other purposes, such as to simulate full investment in underlying securities while retaining a cash balance for portfolio management purposes, as a substitute for direct investment in a security, to facilitate trading, to reduce transaction costs, or to seek higher investment returns when a futures contract or option is priced more attractively than the underlying security or index.

No price is paid upon entering into a futures contract. Instead, at the inception of a futures contract a portfolio is required to deposit "initial margin." Margin must also be deposited when writing a call or put option on a futures contract, in accordance with applicable exchange rules. Under certain circumstances, such as periods of high volatility, a portfolio may be required by an exchange to increase the level of its initial margin payment, and initial margin requirements might be increased generally in the future by regulatory action.

Subsequent "variation margin" payments are made to and from the futures broker daily as the value of the futures position varies, a process known as "marking-to-market." Daily variation margin calls could be substantial in the event of adverse price movements. If a portfolio has insufficient cash to meet daily variation margin requirements, it might need to sell securities at a disadvantageous time or price.

Although some futures and options on futures call for making or taking delivery of the underlying securities, currencies or cash, generally those contracts are closed out prior to delivery by offsetting purchases or sales of matching futures or options (involving the same index, currency or underlying security and delivery month). If an offsetting purchase price is less than the original sale price, a portfolio realizes a gain, or if it is more, a portfolio realizes a loss. If an offsetting sale price is more than the original purchase price, a portfolio realizes a gain, or if it is less, a portfolio realizes a loss. A portfolio will also bear transaction costs for each contract, which will be included in these calculations. Positions in futures and options on futures may be closed only on an exchange or board of trade that provides a secondary market. However, there can be no assurance that a liquid secondary market will exist for a particular contract at a particular time. In such event, it may not be possible to close a futures contract or options position.

Under certain circumstances, futures exchanges may establish daily limits on the amount that the price of a futures contract or an option on a futures contract can vary from the previous day's settlement price; once that limit is reached, no trades may be made that day at a price beyond the limit. Daily price limits do not limit potential losses because prices could move to the daily limit for several consecutive days with little or no trading, thereby preventing liquidation of unfavorable positions.

If a portfolio were unable to liquidate a futures contract or an option on a futures position due to the absence of a liquid secondary market, the imposition of price limits or otherwise, it could incur substantial losses. A portfolio would continue to be subject to market risk with respect to the position. In addition, except in the case of purchased options, a portfolio would continue to be required to make daily variation margin payments and might be required to maintain the position being hedged by the future or option or to maintain cash or securities in a segregated account.

If an index future is used for hedging purposes the risk of imperfect correlation between movements in the price of index futures and movements in the price of the securities that are the subject of the hedge increases as the composition of a portfolio's portfolio diverges from the securities included in the applicable index. The price of the index futures may move more than or less than the price of the securities being hedged. To compensate for the imperfect correlation of movements in the price of the securities being hedged and movements in the price of the index futures, a portfolio may buy or sell index futures in a greater dollar amount than the dollar amount of the securities being hedged if the historical volatility of the prices of such securities being hedged is more than the historical volatility of the prices of the securities included in the index. It is also possible that, where a portfolio has sold index futures contracts to hedge against a decline in the market, the market may advance and the value of the securities held in the portfolio may decline. If this occurred, a portfolio would lose money on the futures contract and also experience a decline in value of its portfolio securities.

Where index futures are purchased to hedge against a possible increase in the price of securities before a portfolio is able to invest in them in an orderly fashion, it is possible that the market may decline instead. If a sub-adviser then concludes not to invest in them at that time because of concern as to possible further market decline or for other reasons, a portfolio will realize a loss on the futures contract that is not offset by a reduction in the price of the securities it had anticipated purchasing.

Non-U.S. Currency Strategies: A portfolio may invest in securities that are denominated in non-U.S. currencies and may engage in a variety of non-U.S. currency exchange transactions to protect against uncertainty in the level of future exchange rates or to earn additional income. A portfolio may use options and futures contracts, swaps and indexed notes relating to non-U.S. currencies and forward currency contracts to attempt to hedge against movements in the values of the non-U.S. currencies in which the portfolio's securities are denominated or to attempt to enhance income or yield. Currency hedges can protect against price movements in a security that a portfolio owns or intends to acquire that are attributable to changes in the value of the currency in which it is denominated. Such hedges do not, however, protect against price movements in the securities that are attributable to other causes.

The value of Financial Instruments on non-U.S. currencies depends on the value of the underlying currency relative to the U.S. dollar. Because non-U.S. currency transactions occurring in the interbank market might involve substantially larger amounts than those involved in the use of such Financial Instruments, a portfolio could be disadvantaged by having to deal in the odd lot market (generally consisting of transactions of less than $1 million) for the underlying non-U.S. currencies at prices that are less favorable than for round lots.

There is no systematic reporting of last sale information for non-U.S. currencies or any regulatory requirement that quotations available through dealers or other market sources be firm or revised on a timely basis. Quotation information generally is representative of very large transactions in the interbank market and thus might not reflect odd-lot transactions where rates might be less favorable. The interbank market in non-U.S. currencies is a global, round-the-clock market. To the extent the U.S. options or futures markets are closed while the markets for the underlying currencies remain open, significant price and rate movements might take place in the underlying markets that cannot be reflected in the markets for the Financial Instruments until they reopen.

Settlement of transactions involving non-U.S. currencies might be required to take place within the country issuing the underlying currency. Thus, a portfolio might be required to accept or make delivery of the underlying non-U.S. currency in accordance with any U.S. or non-U.S. regulations regarding the maintenance of non-U.S. banking arrangements by U.S. residents and might be required to pay any fees, taxes and charges associated with such delivery assessed in the issuing country.

Generally, OTC non-U.S. currency options used by a portfolio are European-style options. This means that the option is only exercisable immediately prior to its expiration. This is in contrast to American-style options, which are exercisable at any time prior to the expiration date of the option.

Forward Currency Contracts: A portfolio may enter into forward currency contracts to purchase or sell non-U.S. currencies for a fixed amount of U.S. dollars or another non-U.S. currency. A forward currency contract involves an obligation to purchase or sell a specific currency at a future date, which may be any fixed number of days (term) from the date of the forward currency contract agreed upon by the parties, at a price set at the time of the forward currency contract. These forward currency contracts are traded directly between currency traders (usually large commercial banks) and their customers.

The cost to a portfolio of engaging in forward currency contracts varies with factors such as the currency involved, the length of the contract period and the market conditions then prevailing. Because forward currency contracts are usually entered into on a principal basis, no fees or commissions are involved. When a portfolio enters into a forward currency contract, it relies on the counterparty to make or take delivery of the underlying currency at the maturity of the contract. Failure by the counterparty to do so would result in the loss of any expected benefit of the transaction.

As is the case with futures contracts, parties to forward currency contracts can enter into offsetting closing transactions, similar to closing transactions on futures contracts, by selling or purchasing, respectively, an instrument identical to the instrument purchased or sold. Secondary markets generally do not exist for forward currency contracts, with the result that closing transactions generally can be made for forward currency contracts only by negotiating directly with the counterparty.

If a portfolio engages in a forward currency contract with respect to particular securities, the precise matching of forward currency contract amounts and the value of the securities involved generally will not be possible because the value of such securities, measured in the non-U.S. currency, will change after the forward currency contract has been established. Thus, a portfolio might need to purchase or sell non-U.S. currencies in the spot (cash) market to the extent such non-U.S. currencies are not covered by forward currency contracts.

Swaps, Caps, Floors and Collars: A portfolio may enter into swaps, caps, floors and collars to preserve a return or a spread on a particular investment or portion of its portfolio, to protect against any increase in the price of securities the portfolio anticipates purchasing at a later date, to attempt to enhance yield or total return, or as a substitute for other investments. A swap typically involves the exchange by a portfolio with another party of their respective commitments to pay or receive cash flows, e.g., an exchange of floating rate payments for fixed-rate payments. The purchase of a cap entitles the purchaser, to the extent that a specified index exceeds a predetermined value, to receive payments on a notional principal amount from the party selling the cap. The purchase of a floor entitles the purchaser, to the extent that a specified index falls below a predetermined value, to receive payments on a notional principal amount from the party selling the floor. A collar combines elements of a cap and a floor.

Swap agreements, including caps, floors and collars, can be individually negotiated and structured to include exposure to a variety of different types of investments or market factors. Depending on their structure, swap agreements may increase or decrease the overall volatility of a portfolio's investments and its share price and yield because, and to the extent, these agreements affect a portfolio's exposure to long- or short-term interest rates, non-U.S. currency values, mortgage-backed or other security values, corporate borrowing rates or other factors such as security prices or inflation rates.

Swap agreements will tend to shift a portfolio's investment exposure from one type of investment to another. Caps and floors have an effect similar to buying or writing options.

If a counterparty's creditworthiness declines, the value of the agreement would be likely to decline, potentially resulting in losses.

A portfolio may enter into credit default swap contracts for investment purposes. As the seller in a credit default swap contract, a portfolio would be required to pay the par (or other agreed-upon) value of a referenced debt obligation to the counterparty in the event of a default by a third party, such as a U.S. or a non-U.S. corporate issuer, on the debt obligation. In return, a portfolio would receive from the counterparty a periodic stream of payments over the term of the contract provided that no event of default has occurred. If no default occurs, a portfolio would keep the stream of payments and would have no payment obligations. As the seller, a portfolio would be subject to investment exposure on the notional amount of the swap which may be significantly larger than a portfolio's cost to enter into the credit default swap.

A portfolio may purchase credit default swap contracts in order to hedge against the risk of default of debt securities held in its portfolio, in which case a portfolio would function as the counterparty referenced in the preceding paragraph. This would involve the risk that the investment may expire worthless and would only generate income in the event of an actual default by the issuer of the underlying obligation (or, as applicable, a credit downgrade or other indication of financial instability). It would also involve credit risk – that the seller may fail to satisfy its payment obligations to a portfolio in the event of a default.

The net amount of the excess, if any, of a portfolio's obligations over its entitlements with respect to each swap will be accrued on a daily basis, depending on whether a threshold amount (if any) is exceeded, and an amount of cash or liquid assets having an aggregate net asset value approximately equal to the accrued excess will be earmarked or set aside as cover, as described below. A portfolio will also maintain collateral with respect to its total obligations under any swaps that are not entered into on a net basis, including segregating assets to cover any potential obligation under a credit default swap sold by it, and will maintain cover as required by SEC guidelines from time to time with respect to caps and floors written by a portfolio.

Combined Positions: A portfolio may purchase and write options in combination with each other, or in combination with other Financial Instruments, to adjust the risk and return characteristics of its overall position. Because combined options positions involve multiple trades, they result in higher transaction costs and may be more difficult to open and close out.

Cover: Transactions using Financial Instruments may involve obligations which if not covered could be construed as "senior securities." A portfolio will comply with SEC guidelines regarding cover for these instruments and will, if the guidelines so require, segregate, set aside or earmark on its books cash or liquid assets in the prescribed amount as determined daily. A portfolio may cover such transactions using other methods permitted under the 1940 Act, orders or releases issued by the SEC thereunder, or no-action letters or other guidance of the SEC staff. Although SEC guidelines on cover are designed to limit the transactions involving Financial Instruments that a portfolio may be engaged in at any time, the segregation of assets does not reduce the risks to a portfolio of entering into transactions in Financial Instruments.

Turnover: A portfolio's derivatives activities may affect its turnover rate and brokerage commission payments. The exercise of calls or puts written by a portfolio, and the sale or purchase of futures contracts, may cause it to sell or purchase related investments, thus increasing its turnover rate. Once a portfolio has received an exercise notice on an option it has written, it cannot effect a closing transaction in order to terminate its obligation under the option and must deliver or receive the underlying securities at the exercise price. The exercise of puts purchased by a portfolio may also cause the sale of related investments, also increasing turnover; although such exercise is within a portfolio's control, holding a protective put might cause it to sell the related investments for reasons that would not exist in the absence of the put. A portfolio will pay a brokerage commission each time it buys or sells a put or call or purchases or sells a futures contract. Such commissions may be higher than those that would apply to direct purchases or sales.

Foreign Securities

The following investments are subject to limitations as set forth in each portfolio's investment restrictions and policies.

A portfolio may invest in foreign securities through the purchase of securities of foreign issuers or of American Depositary Receipts ("ADRs"), European Depositary Receipts ("EDRs"), Global Depositary Receipts ("GDRs") and Fiduciary Depositary Receipts ("FDRs") or other securities representing underlying shares of foreign companies.

The risks of investing in securities of non-U.S. issuers or issuers with significant exposure to non-U.S. markets may be related, among other things, to (i) differences in size, liquidity and volatility of, and the degree and manner of regulation of, the securities markets of certain non-U.S. markets compared to the securities markets in the U.S.; (ii) economic, political and social factors; and (iii) foreign exchange matters, such as restrictions on the repatriation of capital, fluctuations in exchange rates between the U.S. dollar and the currencies in which a portfolio's portfolio securities are quoted or denominated, exchange control regulations and costs associated with currency exchange. The political and economic structures in certain foreign countries, particularly emerging markets and frontier markets, are expected to undergo significant evolution and rapid development, and such countries may lack the social, political and economic stability characteristic of more developed countries.

Unanticipated political or social developments may affect the values of a portfolio's investments in such countries. The economies and securities and currency markets of many emerging markets have experienced significant disruption and declines. There can be no assurances that these economic and market disruptions will not continue.

Securities of some foreign companies are less liquid, and their prices are more volatile, than securities of comparable domestic companies. Certain foreign countries are known to experience long delays between the trade and settlement dates of securities purchased or sold resulting in increased exposure of a portfolio to market and foreign exchange fluctuations brought about by such delays, and to the corresponding negative impact on fund liquidity.

The interest payable on a portfolio's foreign securities may be subject to foreign withholding taxes, which will reduce the portfolio's return on its investments. In addition, the operating expenses of a portfolio making such investment can be expected to be higher than those of an investment company investing exclusively in U.S. securities, since the costs of investing in foreign securities, such as custodial costs, valuation costs and communication costs, are higher than the costs of investing exclusively in U.S. securities.

There may be less publicly available information about non-U.S. markets and issuers than is available with respect to U.S. securities and issuers. Non-U.S. companies generally are not subject to accounting, auditing and financial reporting standards, practices and requirements comparable to those applicable to U.S. companies. The trading markets for most non-U.S. securities are generally less liquid and subject to greater price volatility than the markets for comparable securities in the U.S. The markets for securities in frontier markets and certain emerging markets are in the earliest stages of their development. Even the markets for relatively widely traded securities in certain non-U.S. markets, including emerging countries, may not be able to absorb, without price disruptions, a significant increase in trading volume or trades of a size customarily undertaken by institutional investors in the U.S. In addition, market making and arbitrage activities are generally less extensive in such markets, which may contribute to increased volatility and reduced liquidity. The less liquid a market, the more difficult it may be for a portfolio to accurately price its portfolio securities or to dispose of such securities at the times determined by a sub-adviser to be appropriate. The risks associated with reduced liquidity may be particularly acute in situations in which a portfolio's operations require cash, such as in order to meet redemptions and to pay its expenses.

A portfolio may invest in securities of emerging market and frontier market countries. Emerging market countries typically have economic and political systems that are less fully developed, and that can be expected to be less stable. Frontier market countries generally have smaller economies and even less developed capital markets than emerging markets countries. These securities may be U.S. dollar denominated or non-U.S. dollar denominated and include: (a) debt obligations issued or guaranteed by foreign national, provincial, state, municipal or other governments with taxing authority or by their agencies or instrumentalities, including Brady Bonds; (b) debt obligations of supranational entities; (c) debt obligations (including dollar and non-dollar denominated) and other debt securities of foreign corporate issuers; and (d) non-dollar denominated debt obligations of U.S. corporate issuers. A portfolio may also invest in securities denominated in currencies of emerging market or frontier market countries. There is no minimum rating criteria for a portfolio's investments in such securities.

Certain non-U.S. countries, including emerging markets and frontier markets, may be subject to a greater degree of economic, political and social instability. Such instability may result from, among other things: (i) authoritarian governments or military involvement in political and economic decision making; (ii) popular unrest associated with demands for improved economic, political and social conditions; (iii) internal insurgencies; (iv) hostile relations with neighboring countries; and (v) ethnic, religious and racial disaffection and conflict. Such economic, political and social instability could significantly disrupt the financial markets in such countries and the ability of the issuers in such countries to repay their obligations. In addition, it may be difficult for the fund to pursue claims against a foreign issuer in the courts of a foreign country. Investing in emerging countries also involves the risk of expropriation, nationalization, confiscation of assets and property or the imposition of restrictions on foreign investments and on repatriation of capital invested. In the event of such expropriation, nationalization or other confiscation in any emerging country, a portfolio could lose its entire investment in that country. Certain emerging market countries restrict or control foreign investment in their securities markets to varying degrees. These restrictions may limit a portfolio's investment in those markets and may increase the expenses of a portfolio. In addition, the repatriation of both investment income and capital from certain markets in the region is subject to restrictions such as the need for certain governmental consents. Even where there is no outright restriction on repatriation of capital, the mechanics of repatriation may affect certain aspects of a portfolio's operation. Economies in individual non-U.S. countries may differ favorably or unfavorably from the U.S. economy in such respects as growth of gross domestic product, rates of inflation, currency valuation, capital reinvestment, resource self-sufficiency and balance of payments positions. Many non-U.S. countries have experienced substantial, and in some cases extremely high, rates of inflation for many years. Inflation and rapid fluctuations in inflation rates have had, and may continue to have, very negative effects on the economies and securities markets of certain emerging countries. Economies in emerging countries generally are dependent heavily upon international trade and, accordingly, have been and may continue to be affected adversely by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. These economies also have been, and may continue to be, affected adversely and significantly by economic conditions in the countries with which they trade.

Custodian services and other costs relating to investment in international securities markets generally are more expensive than in the U.S. Such markets have settlement and clearance procedures that differ from those in the U.S. In certain markets there have been times when settlements have been unable to keep pace with the volume of securities transactions, making it difficult to conduct such transactions. The inability of a portfolio to make intended securities purchases because of settlement problems could cause a portfolio to miss attractive investment opportunities. Inability to dispose of a portfolio security caused by settlement problems could result either in losses to a portfolio because of a subsequent decline in value of the portfolio security or could result in possible liability to the portfolio. In addition, security settlement and clearance procedures in some emerging countries may not fully protect a portfolio against loss or theft of its assets.

A portfolio may be subject to taxes, including withholding taxes imposed by certain non-U.S. countries on income (possibly including, in some cases, capital gains) earned with respect to the portfolio's investments in such countries. These taxes will reduce the return achieved by a portfolio. Treaties between the U.S. and such countries may reduce the otherwise applicable tax rates.

The value of the securities quoted or denominated in foreign currencies may be adversely affected by fluctuations in the relative currency exchange rates and by exchange control regulations. A portfolio's investment performance may be negatively affected by a devaluation of a currency in which the portfolio's investments are quoted or denominated. Further, a portfolio's investment performance may be significantly affected, either positively or negatively, by currency exchange rates because the U.S. dollar value of securities quoted or denominated in another currency will increase or decrease in response to changes in the value of such currency in relation to the U.S. dollar.

The rate of exchange between the U.S. dollar and other currencies is determined by the forces of supply and demand in the foreign exchange markets. Changes in the exchange rate may result over time from the interaction of many factors directly or indirectly affecting economic conditions and political developments in other countries. Of particular importance are rates of inflation, interest rate levels, the balance of payments and the extent of government surpluses or deficits in the United States and the particular foreign country. All these factors are in turn sensitive to the monetary, fiscal and trade policies pursued by the governments of the United States and other foreign countries important to international trade and finance. Government intervention may also play a significant role. National governments rarely voluntarily allow their currencies to float freely in response to economic forces. Sovereign governments use a variety of techniques, such as intervention by a country's central bank or imposition of regulatory controls or taxes, to affect the exchange rates of their currencies.

ADRs, EDRs and GDRs: A portfolio may also purchase ADRs, American Depositary Debentures, American Depositary Notes, American Depositary Bonds, EDRs, GDRs and FDRs, or other securities representing underlying shares of foreign companies. ADRs are publicly traded on exchanges or over-the-counter in the United States and are issued through "sponsored" or "unsponsored" arrangements. In a sponsored ADR arrangement, the foreign issuer assumes the obligation to pay some or all of the depository's transaction fees, whereas under an unsponsored arrangement, the foreign issuer assumes no obligation and the depository's transaction fees are paid by the ADR holders. In addition, less information is available in the United States about an unsponsored ADR than about a sponsored ADR, and the financial information about a company may not be as reliable for an unsponsored ADR as it is for a sponsored ADR. A portfolio may invest in ADRs through both sponsored and unsponsored arrangements. EDRs and GDRs are securities that are typically issued by foreign banks or foreign trust companies, although U.S. banks or U.S. trust companies may issue them. EDRs and GDRs are structured similarly to the arrangements of ADRs. EDRs, in bearer form, are designed for use in European securities markets.

Eurodollar or Yankee Obligations: Eurodollar bank obligations are dollar denominated debt obligations issued outside the U.S. capital markets by foreign branches of U.S. banks and by foreign banks. Yankee obligations are dollar denominated obligations issued in the U.S. capital markets by foreign issuers. Eurodollar (and to a limited extent, Yankee) obligations are subject to certain sovereign risks. One such risk is the possibility that a foreign government might prevent dollar denominated funds from flowing across its borders. Other risks include: adverse political and economic developments in a foreign country; the extent and quality of government regulation of financial markets and institutions; the imposition of foreign withholding taxes; and expropriation or nationalization of foreign issuers.

Sovereign Government and Supranational Debt: A portfolio may invest in all types of debt securities of governmental issuers in all countries, including emerging markets. These sovereign debt securities may include: debt securities issued or guaranteed by governments, governmental agencies or instrumentalities and political subdivisions located in emerging market countries; debt securities issued by government owned, controlled or sponsored entities located in emerging market countries; interests in entities organized and operated for the purpose of restructuring the investment characteristics of instruments issued by any of the above issuers; Brady Bonds, which are debt securities issued under the framework of the Brady Plan as a means for debtor nations to restructure their outstanding external indebtedness; participations in loans between emerging market governments and financial institutions; or debt securities issued by supranational entities such as the World Bank or the European Economic Community. A supranational entity is a bank, commission or company established or financially supported by the national governments of one or more countries to promote reconstruction or development.

Sovereign debt is subject to risks in addition to those relating to non-U.S. investments generally. As a sovereign entity, the issuing government may be immune from lawsuits in the event of its failure or refusal to pay the obligations when due. The debtor's willingness or ability to repay in a timely manner may be affected by, among other factors, its cash flow situation, the extent of its non-U.S. reserves, the availability of sufficient non-U.S. exchange on the date a payment is due, the relative size of the debt service burden to the economy as a whole, the sovereign debtor's policy toward principal international lenders and the political constraints to which the sovereign debtor may be subject. Sovereign debtors may also be dependent on disbursements or assistance from foreign governments or multinational agencies, the country's access to trade and other international credits, and the country's balance of trade. Assistance may be dependent on a country's implementation of austerity measures and reforms, which measures may limit or be perceived to limit economic growth and recovery. Some sovereign debtors have rescheduled their debt payments, declared moratoria on payments or restructured their debt to effectively eliminate portions of it, and similar occurrences may happen in the future. There is no bankruptcy proceeding by which sovereign debt on which governmental entities have defaulted may be collected in whole or in part.

Russian Securities

A portfolio may invest directly in the securities of Russian issuers or may have indirect exposure to Russian securities through its investment in one or more funds with direct investments in Russia. Investment in those securities presents many of the same risks as investing in the securities of emerging country issuers, as described above. The social, political, legal, and operational risks of investing in Russian issuers, and of having assets held in custody within Russia, however, may be particularly pronounced relative to investments in more developed countries. Russia's system of share registration and custody creates certain risks of loss (including the risk of total loss) that are not normally associated with investments in other securities markets.

A risk of particular note with respect to direct investment in Russian securities results from the way in which ownership of shares of companies is normally recorded. Ownership of shares (except where shares are held through depositories that meet the requirements of the 1940 Act) is defined according to entries in the company's share register and normally evidenced by "share extracts" from the register or, in certain circumstances, by formal share certificates. However, there is no central registration system for shareholders and these services are carried out by the companies themselves or by registrars located throughout Russia. The share registrars are controlled by the issuer of the security, and investors are provided with few legal rights against such registrars. These registrars are not necessarily subject to effective state supervision, nor are they licensed with any governmental entity. It is possible for a portfolio to lose its registration through fraud, negligence, or even mere oversight. Each applicable portfolio will endeavor to ensure that its interest is appropriately recorded, which may involve a custodian or other agent inspecting the share register and obtaining extracts of share registers through regular confirmations. However, these extracts have no legal enforceability and it is possible that a subsequent illegal amendment or other fraudulent act may deprive a portfolio of its ownership rights or improperly dilute its interests. In addition, while applicable Russian regulations impose liability on registrars for losses resulting from their errors, it may be difficult for a portfolio to enforce any rights it may have against the registrar or issuer of the securities in the event of a loss of share registration. Further, significant delays or problems may occur in registering the transfer of securities, which could cause a portfolio to incur losses due to a counterparty's failure to pay for securities the portfolio has delivered or the portfolio's inability to complete its contractual obligations because of theft or other reasons.

Also, although a Russian public enterprise having a certain minimum number of shareholders is required by law to contract out the maintenance of its shareholder register to an independent entity that meets certain criteria, this regulation has not always been strictly enforced in practice. Because of this lack of independence, management of a company may be able to exert considerable influence over who can purchase and sell the company's shares by illegally instructing the registrar to refuse to record transactions in the share register.

Other Investments

Illiquid Securities

An illiquid security is any security which may not be sold or disposed of in the ordinary course of business within seven days at approximately the value at which the security is being carried on the portfolio's books. Illiquid securities may be difficult to value, and a portfolio may have difficulty disposing of such securities promptly.

Certain restricted securities can be traded freely among qualified purchasers in accordance with Rule 144A under the 1933 Act. The SEC has stated that an investment company's board of directors, or its investment adviser acting under authority delegated by the board, may determine that a security eligible for trading under this rule is "liquid." The Board has delegated to the portfolios' sub-advisers authority to determine whether particular securities eligible for trading under Rule 144A are and continue to be "liquid." Investing in these restricted securities could have the effect of increasing a portfolio's illiquidity, however, if qualified purchasers become uninterested in buying these securities.

The sale of illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the OTC markets. A portfolio may be restricted in its ability to sell such securities at a time when a portfolio's sub-adviser deems it advisable to do so. In addition, in order to meet redemption requests, a portfolio may have to sell other assets, rather than such illiquid securities, at a time that is not advantageous.

Investments in the Real Estate Industry and Real Estate Investment Trusts ("REITs")

REITs are pooled investment vehicles which invest primarily in income producing real estate, or real estate related loans or interests. REITs are generally classified as equity REITs, mortgage REITs or a combination of equity and mortgage REITs. Equity REITs invest the majority of their assets directly in real property and derive income primarily from the collection of rents. Equity REITs can also realize capital gains by selling properties that have appreciated in value. Mortgage REITs invest the majority of their assets in real estate mortgages and derive income from the collection of interest payments. REITs are not taxed on income distributed to shareholders provided they comply with the applicable requirements of the Internal Revenue Code of 1986, as amended (the "Code"). Debt securities issued by REITs, for the most part, are general and unsecured obligations and are subject to risks associated with REITs.

Investing in REITs involves certain unique risks in addition to those risks associated with investing in the real estate industry in general. An equity REIT may be affected by changes in the value of the underlying properties owned by the REIT. A mortgage REIT may be affected by changes in interest rates and the ability of the issuers of its portfolio mortgages to repay their obligations. REITs are dependent upon the skills of their managers and are not diversified. REITs are generally dependent upon maintaining cash flows to repay borrowings and to make distributions to shareholders and are subject to the risk of default by lessees or borrowers. REITs whose underlying assets are concentrated in properties used by a particular industry, such as health care, are also subject to industry related risks.

REITs (especially mortgage REITs) are also subject to interest rate risk. When interest rates decline, the value of a REIT's investment in fixed rate obligations can be expected to rise. Conversely, when interest rates rise, the value of a REIT's investment in fixed rate obligations can be expected to decline. If the REIT invests in adjustable rate mortgage loans the interest rates on which are reset periodically, yields on a REIT's investments in such loans will gradually align themselves to reflect changes in market interest rates. This causes the value of such investments to fluctuate less dramatically in response to interest rate fluctuations than would investments in fixed rate obligations. REITs may have limited financial resources, may trade less frequently and in a limited volume and may be subject to more abrupt or erratic price movements than larger company securities. Historically, REITs have been more volatile in price than the larger capitalization stocks included in S&P 500 Index.

Certain portfolios may invest in foreign real estate companies, which are similar to entities organized and operated as REITs in the United States. Foreign real estate companies may be subject to laws, rules and regulations governing those entities and their failure to comply with those laws, rules and regulations could negatively impact the performance of those entities. In addition, investments in REITs and foreign real estate companies may involve duplication of management fees and certain other expenses, and a portfolio indirectly bears its proportionate share of any expenses paid by REITs and foreign real estate companies in which it invests.

Commodities and Natural Resources

Commodities may include, among other things, oil, gas, timber, farm products, minerals, precious metals, for example, gold, silver, platinum, and palladium, and other natural resources. Certain portfolios may invest in companies (such as mining, dealing or transportation companies) with substantial exposure to, or instruments that result in exposure to, commodities markets. Commodities generally and particular commodities have, at times been subject to substantial price fluctuations over short periods of time and may be affected by unpredictable monetary and political policies such as currency devaluations or revaluations, economic and social conditions within a country, trade imbalances, or trade or currency restrictions between countries. The prices of commodities may be, however, less subject to local and company-specific factors than securities of individual companies. As a result, commodity prices may be more or less volatile in price than securities of companies engaged in commodity-related businesses. Investments in commodities can present concerns such as delivery, storage and maintenance, possible illiquidity, and the unavailability of accurate market valuations.

Commodity-Linked Investments

A portfolio may seek to provide exposure to the investment returns of real assets that trade in the commodity markets through investments in commodity-linked investments, including commodities futures contracts, commodity-linked derivatives, and commodity-linked notes. Real assets are assets such as oil, gas, industrial and precious metals, livestock, and agricultural or meat products, or other items that have tangible properties, as compared to stocks or bonds, which are financial instruments. The value of commodity-linked investments held by a portfolio may be affected by a variety of factors, including, but not limited to, overall market movements and other factors affecting the value of particular industries or commodities, such as weather, disease, embargoes, acts of war or terrorism, or political and regulatory developments.

The prices of commodity-linked investments may move in different directions than investments in traditional equity and debt securities when the value of those traditional securities is declining due to adverse economic conditions. As an example, during periods of rising inflation, debt securities have historically tended to decline in value due to the general increase in prevailing interest rates. Conversely, during those same periods of rising inflation, the prices of certain commodities, such as oil and metals, have historically tended to increase. Of course, there cannot be any guarantee that these investments will perform in that manner in the future, and at certain times the price movements of commodity-linked investments have been parallel to those of debt and equity securities. Commodities have historically tended to increase and decrease in value during different parts of the business cycle than financial assets. Nevertheless, at various times, commodities prices may move in tandem with the prices of financial assets and thus may not provide overall portfolio diversification benefits. Under favorable economic conditions, a portfolio's commodity-linked investments may be expected to underperform an investment in traditional securities.

Transamerica BlackRock Global Allocation VP may also gain exposure to the commodity markets through investments in its wholly-owned subsidiary organized under the laws of the Cayman Islands (the "Subsidiary").

Hybrid Instruments

Hybrid instruments combine the elements of futures contracts or options with those of debt, preferred equity or a depository instrument. Often these hybrid instruments are indexed to the price of a commodity, particular currency, or a domestic or foreign debt or equity securities index. Hybrid instruments may take a variety of forms, including, but not limited to, debt instruments with interest or principal payments or redemption terms determined by reference to the value of a currency or commodity or securities index at a future point in time, preferred stock with dividend rates determined by reference to the value of a currency, or convertible securities with the conversion terms related to a particular commodity. Hybrid instruments may bear interest or pay dividends at below-market (or even relatively nominal) rates. Under certain conditions, the redemption value of such an instrument could be zero. Hybrid instruments are normally at the bottom of an issuer's debt capital structure. As such, they may be more sensitive to economic changes than more senior debt securities. These securities may also be viewed as more equity-like by the market when the issuer or its parent company experience financial problems. Hybrid instruments can have volatile prices and limited liquidity, and their use may not be successful.

Trade Claims

Trade claims are non-securitized rights of payment arising from obligations that typically arise when vendors and suppliers extend credit to a company by offering payment terms for products and services. If the company files for bankruptcy, payments on these trade claims stop and the claims are subject to compromise along with the other debts of the company. Trade claims may be purchased directly from the creditor or through brokers. There is no guarantee that a debtor will ever be able to satisfy its trade claim obligations. Trade claims are speculative and are subject to the risks associated with low-quality obligations.

Passive Foreign Investment Companies

Certain foreign investment funds or trusts called passive foreign investment companies have been the only or primary way to invest in certain countries. In addition to bearing their proportionate share of a portfolio's expenses (management fees and operating expenses), shareholders will also indirectly bear similar expenses of such trusts. Capital gains on the sale of such holdings are considered ordinary income regardless of how long the portfolio held its investment. In addition, the portfolio may be subject to corporate income tax and an interest charge on certain dividends and capital gains earned from these investments, regardless of whether such income and gains are distributed to shareholders.

To avoid such tax and interest, each portfolio intends to treat these securities as sold on the last day of its fiscal year and recognize any gains for tax purposes at that time; deductions for losses are allowable only to the extent of any gains resulting from these deemed sales for prior taxable years. Such gains and losses will be treated as ordinary income. A portfolio will be required to distribute each year any resulting income even though it has not actually sold the security and received cash to pay such distributions. A portfolio might obtain such cash from selling other portfolio holdings. These actions are likely to reduce the assets to which a portfolio's expenses could be allocated and to reduce the rate of return for the portfolio. In some circumstances, such sales might be necessary in order to satisfy cash distribution requirements even though investment considerations might otherwise make it undesirable for a portfolio to sell the securities at the time.

Master Limited Partnerships

Master Limited Partnership ("MLPs") are limited partnerships whose shares (or units) are listed and traded on a U.S. securities exchange, just like common stock. To qualify for tax treatment as a partnership, an MLP must receive at least 90% of its income from qualifying sources such as natural resource activities. Natural resource activities include the exploration, development, mining, production, processing, refining, transportation, storage and marketing of mineral or natural resources. MLPs generally have two classes of owners, the general partner and limited partners. The general partner, which is generally a major energy company, investment fund or the management of the MLP, typically controls the MLP through a 2% general partner equity interest in the MLP plus common units and subordinated units. Limited partners own the remainder of the partnership, through ownership of common units, and have a limited role in the partnership's operations and management.

MLPs are typically structured such that common units have first priority to receive quarterly cash distributions up to an established minimum quarterly dividend ("MQD"). Common units also accrue arrearages in distributions to the extent the MQD is not paid. Once common units have been paid, subordinated units receive distributions of up to the MQD, but subordinated units do not accrue arrearages. Distributable cash in excess of the MQD paid to both common and subordinated units is distributed to both common and subordinated units generally on a pro rata basis. The general partner is also eligible to receive incentive distributions if the general partner operates the business in a manner which maximizes value to unit holders. As the general partner increases cash distributions to the limited partners, the general partner receives an increasingly higher percentage of the incremental cash distributions. A common arrangement provides that the general partner can reach a tier where the general partner is receiving 50% of every incremental dollar paid to common and subordinated unit holders. By providing for incentive distributions the general partner is encouraged to streamline costs and acquire assets in order to grow the partnership, increase the partnership's cash flow, and raise the quarterly cash distribution in order to reach higher tiers. Such results benefit all security holders of the MLP.

MLP I-Shares: I-Shares represent an ownership interest issued by an affiliated party of an MLP. The MLP affiliate issuing the I-Shares is structured as a corporation for federal income tax purposes. I-Shares are traded on the New York Stock Exchange and the NYSE AMEX. The MLP affiliate uses the proceeds from the sale of I-Shares to purchase limited partnership interests in the MLP in the form of i-units. i-units generally receive no allocations of income, gain, loss or deduction unless and until the MLP is liquidated. In addition, rather than receiving cash distributions, the MLP affiliate receives additional i-units based on a formula. Similarly, holders of I-Shares will receive additional I-Shares, in the same proportion as the MLP affiliates' receipt of i-units, rather than cash distributions. Distributions of additional i-units and of additional I-Shares generally are not taxable events for the MLP affiliate and the holder of the I-Shares, respectively. I-Shares themselves have limited voting rights which are similar to those applicable to MLP common units.

Energy Infrastructure Companies: Companies engaged in the energy infrastructure sector principally include publicly-traded MLPs and limited liability companies taxed as partnerships, MLP affiliates, Canadian income trusts and their successor companies, pipeline companies, utilities, and other companies that derive a substantial portion of their revenues from operating or providing services in support of infrastructure assets such as pipelines, power transmission and petroleum and natural gas storage in the petroleum, natural gas and power generation industries (collectively, "Energy Infrastructure Companies").

Energy Infrastructure Companies may be directly affected by energy commodity prices, especially those Energy Infrastructure Companies which own the underlying energy commodity. Commodity prices fluctuate for several reasons, including changes in market and economic conditions, the impact of weather on demand, levels of domestic production and imported commodities, energy conservation, domestic and foreign governmental regulation and taxation and the availability of local, intrastate and interstate transportation systems.

A decrease in the production or availability of natural gas, natural gas liquids, crude oil, coal or other energy commodities or a decrease in the volume of such commodities available for transportation, processing, storage or distribution may adversely impact the financial performance of Energy Infrastructure Companies. In addition, Energy Infrastructure Companies engaged in the production of natural gas, natural gas liquids, crude oil, refined petroleum products or coal are subject to the risk that their commodity reserves naturally deplete over time.

Energy Infrastructure Companies are subject to significant federal, state and local government regulation in virtually every aspect of their operations, including how facilities are constructed, maintained and operated, environmental and safety controls, and the prices they may charge for products and services. Various governmental authorities have the power to enforce compliance with these regulations and the permits issued under them and violators are subject to administrative, civil and criminal penalties, including civil fines, injunctions or both. Stricter laws, regulations or enforcement policies could be enacted in the future which would likely increase compliance costs and may adversely affect the financial performance of Energy Infrastructure Companies.

Natural disasters, such as hurricanes in the Gulf of Mexico, also may impact Energy Infrastructure Companies.

Other Investment Companies

Subject to applicable statutory and regulatory limitations, a portfolio may invest in shares of other investment companies, including shares of other mutual funds, closed-end funds, and unregistered investment companies. Pursuant to an exemptive order obtained from the SEC or under a statutory exemption or an exemptive rule adopted by the SEC, a portfolio may invest in other investment companies beyond the statutory limits prescribed by the 1940 Act.

Investments in other investment companies are subject to the risk of the securities in which those investment companies invest. In addition, to the extent a portfolio invests in securities of other investment companies, portfolio shareholders would indirectly pay a portion of the operating costs of such companies in addition to the expenses of a portfolio's own operation. These costs include management, brokerage, shareholder servicing and other operational expenses.

Certain sub-advisers have received an exemptive order from the SEC permitting funds that are sub-advised by the sub-adviser to invest in affiliated registered money market funds and ETFs, and in an affiliated private investment company; provided however, that, among other limitations, in all cases the portfolio's aggregate investment of cash in shares of such investment companies shall not exceed 25% of its total assets at any time.

Exchange-Traded Funds ("ETFs"): ETFs are typically registered investment companies whose securities are traded over an exchange at their market price. ETFs generally represent a portfolio of securities designed to track a particular market index or other group of securities. Other ETFs are actively managed and seek to achieve a stated objective by investing in a portfolio of securities and other assets. A portfolio may purchase an ETF to temporarily gain exposure to a portion of the U.S. or a foreign market pending the purchase of individual securities. The risks of owning an ETF generally reflect the risks of owning the underlying securities, although the potential lack of liquidity of an ETF could result in it being more volatile. There is also a risk that the general level of securities prices may decline, thereby adversely affecting the value of ETFs invested in by a portfolio. Moreover, a portfolio's investments in index-based ETFs may not exactly match the performance of a direct investment in the respective indices or portfolios of securities to which they are intended to correspond due to the temporary unavailability of certain index securities in the secondary market or other factors, such as discrepancies with respect to the weighting of securities. Additionally, ETFs have management fees which increase their costs.

Unlike shares of typical mutual funds or unit investment trusts, shares of ETFs are designed to be traded throughout a trading day, bought and sold based on market values and not at net asset value. For this reason, shares could trade at either a premium or discount to net asset value. However, the portfolios held by index-based ETFs are publicly disclosed on each trading day, and an approximation of actual net asset value is disseminated throughout the trading day. Because of this transparency, the trading prices of index based ETFs tend to closely track the actual net asset value of the underlying portfolios and a portfolio will generally gain or lose value depending on the performance of the index. However, gains or losses on a portfolio's investment in ETFs will ultimately depend on the purchase and sale price of the ETF. A portfolio may invest in ETFs that are actively managed. Actively managed ETFs do not have the transparency of index-based ETFs, and also therefore, are more likely to trade at a discount or premium to actual net asset values.

Exchange-Traded Notes ("ETNs")

ETNs are generally notes representing debt of the issuer, usually a financial institution. ETNs combine both aspects of bonds and ETFs. An ETN's returns are based on the performance of one or more underlying assets, reference rates or indexes, minus fees and expenses. Similar to ETFs, ETNs are listed on an exchange and traded in the secondary market. However, unlike an ETF, an ETN can be held until the ETN's maturity, at which time the issuer will pay a return linked to the performance of the specific asset, index or rate ("reference instrument") to which the ETN is linked minus certain fees. Unlike regular bonds, ETNs do not make periodic interest payments, and principal is not protected. ETNs are not registered or regulated as investment companies under the 1940 Act.

The value of an ETN may be influenced by, among other things, time to maturity, level of supply and demand for the ETN, volatility and lack of liquidity in underlying markets, changes in the applicable interest rates, the performance of the reference instrument, changes in the issuer's credit rating and economic, legal, political or geographic events that affect the reference instrument. An ETN that is tied to a reference instrument may not replicate the performance of the reference instrument. ETNs also incur certain expenses not incurred by their applicable reference instrument. Some ETNs that use leverage can, at times, be relatively illiquid and, thus, they may be difficult to purchase or sell at a fair price. Levered ETNs are subject to the same risk as other instruments that use leverage in any form. While leverage allows for greater potential return, the potential for loss is also greater. Finally, additional losses may be incurred if the investment loses value because, in addition to the money lost on the investment, the loan still needs to be repaid.

Because the return on the ETN is dependent on the issuer's ability or willingness to meet its obligations, the value of the ETN may change due to a change in the issuer's credit rating, despite no change in the underlying reference instrument. The market value of ETN shares may differ from the value of the reference instrument. This difference in price may be due to the fact that the supply and demand in the market for ETN shares at any point in time is not always identical to the supply and demand in the market for the assets underlying the reference instrument that the ETN seeks to track.

There may be restrictions on a portfolio's right to redeem its investment in an ETN, which are generally meant to be held until maturity. The portfolio's decision to sell its ETN holdings may be limited by the availability of a secondary market. An investor in an ETN could lose some or all of the amount invested. The timing and character of income and gains derived from ETNs is under consideration by the U.S. Treasury and Internal Revenue Service and may also be affected by future legislation.

Dollar Roll Transactions

"Dollar roll" transactions consist of the sale by a portfolio to a bank or broker-dealer (the "counterparty") of Ginnie Mae certificates or other mortgage-backed securities together with a commitment to purchase from the counterparty similar, but not identical, securities at a future date. The counterparty receives all principal and interest payments, including prepayments, made on the security while it is the holder. A portfolio receives a fee from the counterparty as consideration for entering into the commitment to purchase. Dollar rolls may be renewed over a period of several months with a different repurchase price and a cash settlement made at each renewal without physical delivery of securities. Moreover, the transaction may be preceded by a firm commitment agreement pursuant to which a portfolio agrees to buy a security on a future date.

A portfolio will not use such transactions for leveraging purposes and will segregate liquid assets in an amount sufficient to meet its purchase obligations under the transactions.

The entry into dollar rolls involves potential risks of loss that are different from those related to the securities underlying the transactions. For example, if the counterparty becomes insolvent, a portfolio's right to purchase from the counterparty might be restricted. In addition, the value of such securities may change adversely before a portfolio is able to purchase them. Similarly, a portfolio may be required to purchase securities in connection with a dollar roll at a higher price than may otherwise be available on the open market. Since, as noted above, the counterparty is required to deliver a similar, but not identical, security to a portfolio, the security that the portfolio is required to buy under the dollar roll may be worth less than an identical security. Finally, there can be no assurance that a portfolio's use of the cash that it receives from a dollar roll will provide a return that exceeds the transaction costs.

Transamerica Aegon U.S. Government Securities VP will also maintain asset coverage of at least 300% for all outstanding firm commitments, dollar rolls and other borrowings.

Short Sales

In short selling transactions, a portfolio sells a security it does not own in anticipation that the price of the security will decline. The portfolio must borrow the same security and deliver it to the buyer to complete the sale. The portfolio will incur a profit or a loss, depending upon whether the market price of the security decreases or increases between the date of the short sale and the date on which the portfolio must replace the borrowed security. Unlike taking a long position in a security by purchasing the security, where potential losses are limited to the purchase price, possible losses from short sales may, theoretically, be unlimited (e.g., if the price of a stock sold short rises) and a portfolio may be unable to replace a borrowed security sold short. A portfolio also may be unable to close out an established short position at an acceptable price and may have to sell long positions at disadvantageous times to cover its short positions.

Short sales also involve other costs. A portfolio may have to pay a fee to borrow particular securities and is often obligated to turn over any payments received on such borrowed securities to the lender of the securities. A portfolio secures its obligation to replace the borrowed security by depositing collateral with the lender or its custodian or qualified sub-custodian, usually in cash, U.S. government securities or other liquid securities similar to those borrowed. All short sales will be fully collateralized.

A portfolio may sell securities "short against the box." In short sales "against the box," the portfolio, at all times when the short position is open, owns an equal amount of the securities sold short or has the right to obtain, at no added cost, securities identical to those sold short. When selling short against the box, if the price of such securities were to increase rather than decrease, the portfolio would forgo the potential realization of the increased value of the shares sold short.

Certain portfolios may sell securities short only against the box; Transamerica Jennison Growth VP is not limited to short sales against the box.

International Agency Obligations

Bonds, notes or Eurobonds of international agencies include securities issued by the Asian Development Bank, the European Economic Community, and the European Investment Bank. A portfolio may also purchase obligations of the International Bank for Reconstruction and Development which, while technically not a U.S. government agency or instrumentality, has the right to borrow from the participating countries, including the United States.

When-Issued, Delayed Settlement and Forward Delivery Securities

Securities may be purchased and sold on a "when-issued," "delayed settlement" or "forward (delayed) delivery" basis. "When-issued" or "forward delivery" refers to securities whose terms are available, and for which a market exists, but which are not available for immediate delivery. When-issued or forward delivery transactions may be expected to occur a month or more before delivery is due.

A portfolio may engage in when-issued or forward delivery transactions to obtain what is considered to be an advantageous price and yield at the time of the transaction. When a portfolio engages in when-issued or forward delivery transactions, it will do so consistent with its investment objective and policies and not for the purpose of investment leverage (although leverage may result).

"Delayed settlement" is a term used to describe settlement of a securities transaction in the secondary market that will occur sometime in the future. No payment or delivery is made by a portfolio until it receives payment or delivery from the other party to any of the above transactions. A portfolio will segregate with its custodian cash, U.S. government securities or other liquid assets at least equal to the value or purchase commitments (alternatively, liquid assets may be earmarked on the portfolio's records) until payment is made. Typically, no income accrues on securities purchased on a delayed delivery basis prior to the time delivery of the securities is made, although a portfolio may earn income on securities it has segregated to collateralize its delayed delivery purchases.

New issues of stocks and bonds, private placements and U.S. government securities may be sold in this manner.

At the time of settlement, the market value and/or the yield of the security may be more or less than the purchase price. A portfolio bears the risk of such market value fluctuations. These transactions also involve the risk that the other party to the transaction may defaults on its obligation to make payment or delivery. As a result, a portfolio may be delayed or prevented from completing the transaction and may incur additional costs as a consequence of the delay.

Additional Information

Temporary Defensive Position

At times a portfolio's sub-adviser may judge that conditions in the securities markets make pursuing the portfolio's typical investment strategy inconsistent with the best interest of its shareholders. At such times, a sub-adviser may temporarily use alternative strategies, primarily designed to reduce fluctuations in the value of the portfolio's assets. In implementing these defensive strategies, a portfolio may invest without limit in securities that a sub-adviser believes present less risk to a portfolio, including equity securities, debt and fixed income securities, preferred stocks, U.S. government and agency obligations, cash or money market instruments, CDs, demand and time deposits, bankers' acceptance or other securities a sub-adviser considers consistent with such defensive strategies, such as, but not limited to, options, futures, warrants or swaps. During periods in which such strategies are used, the duration of a portfolio may diverge from the duration range for that portfolio disclosed in its prospectus (if applicable). It is impossible to predict when, or for how long, a portfolio will use these alternative strategies. As a result of using these alternative strategies, a portfolio may not achieve its investment objective.

Borrowings

A portfolio may engage in borrowing transactions as a means of raising cash to satisfy redemption requests, for other temporary or emergency purposes or, to the extent permitted by its investment policies, to raise additional cash to be invested by the portfolio's portfolio managers in other securities or instruments in an effort to increase the portfolio's investment returns.

When a portfolio invests borrowing proceeds in other securities, the portfolio will bear the risk that the market value of the securities in which the proceeds are invested goes down and is insufficient to repay borrowed proceeds. Like other leveraging risks, this makes the value of an investment in a portfolio more volatile and increases the portfolio's overall investment exposure. In addition, if a portfolio's return on its investment of the borrowing proceeds does not equal or exceed the interest that a portfolio is obligated to pay under the terms of a borrowing, engaging in these transactions will lower the portfolio's return.

A portfolio may be required to liquidate portfolio securities at a time when it would be disadvantageous to do so in order to make payments with respect to its borrowing obligations. This could adversely affect the portfolio managers' strategy and result in lower portfolio returns. Interest on any borrowings will be a portfolio expense and will reduce the value of a portfolio's shares.

A portfolio may borrow on a secured or on an unsecured basis. If a portfolio enters into a secured borrowing arrangement, a portion of the portfolio's assets will be used as collateral. During the term of the borrowing, the portfolio will remain at risk for any fluctuations in the market value of these assets in addition to any securities purchased with the proceeds of the loan. In addition, a portfolio may be unable to sell the collateral at a time when it would be advantageous to do so, which could adversely affect the portfolio managers' strategy and result in lower portfolio returns. The portfolio would also be subject to the risk that the lender may file for bankruptcy, become insolvent, or otherwise default on its obligations to return the collateral to the portfolio. In the event of a default by the lender, there may be delays, costs and risks of loss involved in a portfolio's exercising its rights with respect to the collateral or those rights may be limited by other contractual agreements or obligations or by applicable law.

The 1940 Act requires the portfolio to maintain at all times an "asset coverage" of at least 300% of the amount of its borrowings. Asset coverage means the ratio that the value of the portfolio's total assets, minus liabilities other than borrowings, bears to the aggregate amount of all borrowings. Although complying with this guideline would have the effect of limiting the amount that the portfolio may borrow, it does not otherwise mitigate the risks of entering into borrowing transactions.

Reverse Repurchase Agreements: A reverse repurchase agreement has the characteristics of a secured borrowing and creates leverage. In a reverse repurchase transaction, a portfolio sells a portfolio instrument to another person, such as a financial institution or broker/dealer, in return for cash. At the same time, a portfolio agrees to repurchase the instrument at an agreed-upon time and at a price that is greater than the amount of cash that the portfolio received when it sold the instrument, representing the equivalent of an interest payment by the portfolio for the use of the cash. During the term of the transaction, a portfolio will continue to receive any principal and interest payments (or the equivalent thereof) on the underlying instruments.

A portfolio may engage in reverse repurchase agreements as a means of raising cash to satisfy redemption requests or for other temporary or emergency purposes. Unless otherwise limited in its prospectus or this SAI, a portfolio may also engage in reverse repurchase agreements to the extent permitted by its fundamental investment policies in order to raise additional cash to be invested by the portfolio's portfolio managers in other securities or instruments in an effort to increase the portfolio's investment returns.

During the term of the transaction, a portfolio will remain at risk for any fluctuations in the market value of the instruments subject to the reverse repurchase agreement as if it had not entered into the transaction. When a portfolio reinvests the proceeds of a reverse repurchase agreement in other securities, the portfolio will bear the risk that the market value of the securities in which the proceeds are invested goes down and is insufficient to satisfy's the portfolio's obligations under the reverse repurchase agreement. Like other leveraging risks, this makes the value of an investment in a portfolio more volatile and increases the portfolio's overall investment exposure. This could also result in the portfolio having to dispose of investments at inopportune times and at disadvantageous amounts. In addition, if a portfolio's return on its investment of the proceeds of the reverse repurchase agreement does not equal or exceed the implied interest that it is obligated to pay under the reverse repurchase agreement, engaging in the transaction will lower the portfolio's return.

When a portfolio enters into a reverse repurchase agreement, it is subject to the risk that the buyer under the agreement may file for bankruptcy, become insolvent, or otherwise default on its obligations to the portfolio. In the event of a default by the counterparty, there may be delays, costs and risks of loss involved in a portfolio's exercising its rights under the agreement, or those rights may be limited by other contractual agreements or obligations or by applicable law.

In addition, a portfolio may be unable to sell the instruments subject to the reverse repurchase agreement at a time when it would be advantageous to do so, or may be required to liquidate portfolio securities at a time when it would be disadvantageous to do so in order to make payments with respect to its obligations under a reverse repurchase agreement. This could adversely affect the portfolio managers' strategy and result in losses. At the time a portfolio enters into a reverse repurchase agreement, the portfolio is required to set aside or earmark on its books cash or other appropriate liquid securities in the amount of the portfolio's obligation under the reverse repurchase agreement or take certain other actions in accordance with SEC guidelines, which may affect a portfolio's liquidity and ability to manage its assets. Although complying with SEC guidelines would have the effect of limiting the amount of portfolio assets that may be committed to reverse repurchase agreements and other similar transactions at any time, it does not otherwise mitigate the risks of entering into reverse repurchase agreements.

Lending

Consistent with applicable regulatory requirements and the limitations as set forth in each portfolio's investment restrictions and policies, the portfolio may lend portfolio securities to brokers, dealers and other financial organizations meeting capital and other credit requirements or other criteria established by the Board. Loans of securities will be secured continuously by collateral in cash, cash equivalents, or U.S. government obligations maintained on a current basis at an amount at least equal to the market value of the securities loaned. Cash collateral received by a portfolio will be invested in high quality short-term instruments, or in one or more funds maintained by the lending agent for the purpose of investing cash collateral. During the term of the loan, a portfolio will continue to have investment risk with respect to the security loaned, as well as risk with respect to the investment of the cash collateral. Either party has the right to terminate a loan at any time on customary industry settlement notice (which will not usually exceed three business days). During the existence of a loan, a portfolio will continue to receive the equivalent of the interest or dividends paid by the issuer on the securities loaned and, with respect to cash collateral, will receive any income generated by the portfolio's investment of the collateral (subject to a rebate payable to the borrower and a percentage of the income payable to the lending agent). Where the borrower provides a portfolio with collateral other than cash, the borrower is also obligated to pay the portfolio a fee for use of the borrowed securities. A portfolio does not have the right to vote any securities having voting rights during the existence of the loan, but would retain the right to call the loan in anticipation of an important vote to be taken among holders of the securities or of the giving or withholding of their consent on a material matter affecting the investment. As with other extensions of credit, there are risks of delay in recovery or even loss of rights in the collateral should the borrower fail financially. In addition, a portfolio could suffer loss if the loan terminates and the portfolio is forced to liquidate investments at a loss in order to return the cash collateral to the buyer.

Voluntary Actions

From time to time, a portfolio may voluntarily participate in actions (for example, rights offerings, conversion privileges, exchange offers, credit event settlements, etc.) where the issuer or counterparty offers securities or instruments to holders or counterparties, such as a portfolio, and the acquisition is determined to be beneficial to portfolio shareholders ("Voluntary Action"). Notwithstanding any percentage investment limitation listed under this section or any percentage investment limitation of the 1940 Act or rules thereunder, if a portfolio has the opportunity to acquire a permitted security or instrument through a Voluntary Action, and the portfolio will exceed a percentage investment limitation following the acquisition, it will not constitute a violation if, after announcement of the offering, but prior to the receipt of the securities or instruments, the portfolio sells an offsetting amount of assets that are subject to the investment limitation in question at least equal to the value of the securities or instruments to be acquired.

Money Market Reserves

It is expected that Transamerica T. Rowe Price Small Cap VP will invest its cash reserves primarily in a money market fund established for the exclusive use of the T. Rowe Price family of mutual funds and other clients of T. Rowe Price and its affiliates. The T. Rowe Price Reserve Investment Fund ("RIF") and T. Rowe Price Government Reserve Investment Fund ("GRIF") are series of T. Rowe Price Reserve Investment Funds, Inc. Additional series may be created in the future. These funds were created and operate under an Exemptive Order issued by the Securities and Exchange Commission (Investment Company Act Release No. IC-22770, July 29, 1997).

The funds must comply with the requirements of Rule 2a-7 under the 1940 Act, governing money market funds. The RIF invests at least 97% of its total assets in prime money market instruments receiving the highest credit rating. The GRIF invests primarily in a portfolio of U.S. Government-backed securities, primarily U.S. Treasuries, and repurchase agreements thereon.

T. Rowe Price believes that RIF and GRIF provide very efficient means of managing the cash reserves of the portfolio. While the funds do not pay an advisory fee to T. Rowe Price, they will incur other expenses. However, the RIF and GRIF are expected by T. Rowe Price to operate at very low expense ratios. The portfolio will only invest in RIF or GRIF to the extent it is consistent with its objectives and programs.

The RIF and GRIF are not insured or guaranteed by the U.S. government, and there is no assurance they will maintain a stable net asset value of $1.00 per share.

Special Considerations (Transamerica ProFund UltraBear VP Only)

Transamerica ProFund UltraBear VP presents certain risks, some of which are further described below.

Correlation and Tracking: A number of factors may affect the ability of Transamerica ProFund UltraBear VP (the "ProFund") to achieve inverse correlation with its benchmark. Among these factors are: (1) the ProFund's expenses, including brokerage (which may be increased by high portfolio turnover) and the costs associated with the use of derivatives; (2) less than all of the securities in the ProFund's benchmark being held by the ProFund and/or securities not included in the benchmark being held by the ProFund; (3) an imperfect correlation between the performance of instruments held by the ProFund, such as futures contracts and options, and the performance of the underlying securities in a benchmark; (4) bid-ask spreads (the effect of which may be increased by portfolio turnover); (5) holding instruments traded in a market that has become illiquid or disrupted; (6) the ProFund's share prices being rounded to the nearest cent; (7) changes to the benchmark that are not disseminated in advance; (8) the need to conform the ProFund's portfolio holdings to comply with investment restrictions or policies or regulatory or tax law requirements; (9) limit up or limit down trading halts on options or futures contracts which may prevent the ProFund from purchasing or selling options or futures contracts; (10) early and unanticipated closings of the markets on which the holdings of the ProFund trade, resulting in the inability of the ProFund to execute intended portfolio transactions; and (11) fluctuations in currency exchange rates. Furthermore, because ProFund rebalances its benchmark exposure at the end of each trading day, disparities between estimated and actual purchases and redemptions of the ProFund may cause the ProFund to be over- or underexposed to its benchmark. This may result in greater tracking and correlation error.

The ProFund has an investment objective before fees and expenses to match twice the inverse (-2x) performance of the benchmark on a single day. A "single day" is measured from the time the ProFund calculates its NAV to the time of the ProFund's next NAV calculation. The ProFund is subject to the correlation risks described above. In addition, while a close inverse correlation of the ProFund to its benchmark may be achieved on any single trading day, over time the cumulative percentage increase or decrease in the NAV of the shares of the ProFund may diverge, in some cases, significantly from the cumulative percentage decrease or increase in the benchmark due to a compounding effect as further described in the Prospectus.

Leverage: The ProFund intends to use, on a regular basis, leveraged investment techniques in pursuing its investment objective. Utilization of leverage involves special risks and should be considered to be speculative. Leverage exists when the ProFund achieves the right to a return on a capital base that exceeds the amount the ProFund has invested. Leverage creates the potential for greater gains to shareholders of the ProFund during favorable market conditions and the risk of magnified losses during adverse market conditions. Leverage is likely to cause higher volatility of the NAVs of the ProFund's shares. Leverage may involve the creation of a liability that does not entail any interest costs or the creation of a liability that requires the ProFund to pay interest which would decrease the ProFund's total return to shareholders. If the ProFund achieves its investment objectives, during adverse market conditions, shareholders should experience a loss greater than they would have incurred had the ProFund not been leveraged.

Special Note Regarding the Correlation Risks of Leveraged, Inverse, or Inverse Leveraged Funds: As a result of compounding, for periods greater than a single day, the use of leverage tends to cause the performance of the ProFund to vary from its benchmark performance times the stated multiple (-2x) in the portfolio's investment objective before accounting for fees and fund expenses. Compounding affects all investments, but has a more significant impact on inverse leveraged funds. Four factors significantly affect how close daily compounded returns are to longer-term benchmark returns times the portfolio's multiple: the length of the holding period, benchmark volatility, whether the multiple is positive or inverse, and its leverage level. Longer holding periods, higher benchmark volatility, inverse exposure and greater leverage each can lead to returns farther from the multiple times the benchmark return. As the table below shows, particularly during periods of higher benchmark volatility, compounding will cause longer term results to vary from the benchmark performance times the stated multiple in the ProFund's investment objective. This effect becomes more pronounced as volatility increases.

A leveraged fund's return for periods longer than one day is primarily a function of the following:

a) benchmark performance;

b) benchmark volatility;

c) period of time;

d) financing rates associated with leverage or inverse exposure;

e) other fund expenses; and

f) dividends or interest paid with respect to securities included in the benchmark.

The fund performance for a leveraged, inverse or inverse leveraged fund can be estimated given any set of assumptions for the factors described above. The tables below illustrates the impact of two factors, benchmark volatility and benchmark performance, on an inverse leveraged fund. Benchmark volatility is a statistical measure of the magnitude of fluctuations in the returns of a benchmark and is calculated as the standard deviation of the natural logarithms of one plus the benchmark return (calculated daily), multiplied by the square root of the number of trading days per year (assumed to be 252). The tables show estimated fund returns for a number of combinations of benchmark performance and benchmark volatility over a one-year period. Assumptions used in the table include: a) no dividends paid with regard to the equity securities included in the benchmark; b) no fund expenses; and c) borrowing/lending rates (to obtain leverage or inverse exposure) of zero percent. If fund expenses and/or actual borrowing/lending rates were reflected, the fund's performance would be different than shown.

The table below shows an example in which a leveraged fund that has an investment objective to correspond to twice the inverse (-2x) of the daily performance of a benchmark. The leveraged fund could be expected to achieve a -20% return on a yearly basis if the benchmark performance was 10%, absent any costs or the correlation risk or other factors described above and in the Prospectus under "Correlation Risk." However, as the table shows, with a benchmark volatility of 20%, such a fund would return -26.7%, again absent any costs or other factors described above and in the Prospectus under "Correlation Risk." In the chart below, areas shaded darker represent those scenarios where the fund will underperform (i.e., return less than) the benchmark performance times the stated multiple in the fund's investment objective (-2x).

Estimated Fund Return Over One Year When the Fund Objective is to Seek Daily Investment Results, Before Fees and Expenses, that Correspond to Twice the Inverse (-2x) of the Daily Performance of an Benchmark.

		Benchmark Volatility												
One Year Benchmark Performance	Twice the Inverse (-2x) of One Year Benchmark Performance	0%	5%	10%	15%	20%	25%	30%	35%	40%	45%	50%	55%	60%
-60%	120%	525.0%	520.3%	506.5%	484.2%	454.3%	418.1%	377.1%	332.8%	286.7%	240.4%	195.2%	152.2%	112.2%
-55%	110%	393.8%	390.1%	379.2%	361.6%	338.0%	309.4%	277.0%	242.0%	205.6%	169.0%	133.3%	99.3%	67.7%
-50%	100%	300.0%	297.0%	288.2%	273.9%	254.8%	231.6%	205.4%	177.0%	147.5%	117.9%	88.9%	61.4%	35.8%
-45%	90%	230.6%	228.1%	220.8%	209.0%	193.2%	174.1%	152.4%	128.9%	104.6%	80.1%	56.2%	33.4%	12.3%
-40%	80%	177.8%	175.7%	169.6%	159.6%	146.4%	130.3%	112.0%	92.4%	71.9%	51.3%	31.2%	12.1%	-5.7%
-35%	70%	136.7%	134.9%	129.7%	121.2%	109.9%	96.2%	80.7%	63.9%	46.5%	28.9%	11.8%	-4.5%	-19.6%
-30%	60%	104.1%	102.6%	98.1%	90.8%	81.0%	69.2%	55.8%	41.3%	26.3%	11.2%	-3.6%	-17.6%	-30.7%
-25%	50%	77.8%	76.4%	72.5%	66.2%	57.7%	47.4%	35.7%	23.1%	10.0%	-3.2%	-16.0%	-28.3%	-39.6%
-20%	40%	56.3%	55.1%	51.6%	46.1%	38.6%	29.5%	19.3%	8.2%	-3.3%	-14.9%	-26.2%	-36.9%	-46.9%
-15%	30%	38.4%	37.4%	34.3%	29.4%	22.8%	14.7%	5.7%	-4.2%	-14.4%	-24.6%	-34.6%	-44.1%	-53.0%
-10%	20%	23.5%	22.5%	19.8%	15.4%	9.5%	2.3%	-5.8%	-14.5%	-23.6%	-32.8%	-41.7%	-50.2%	-58.1%
-5%	10%	10.8%	10.0%	7.5%	3.6%	-1.7%	-8.1%	-15.4%	-23.3%	-31.4%	-39.6%	-47.7%	-55.3%	-62.4%
0%	0%	0.0%	-0.7%	-3.0%	-6.5%	-11.3%	-17.1%	-23.7%	-30.8%	-38.1%	-45.5%	-52.8%	-59.6%	-66.0%
5%	-10%	-9.3%	-10.0%	-12.0%	-15.2%	-19.6%	-24.8%	-30.8%	-37.2%	-43.9%	-50.6%	-57.2%	-63.4%	-69.2%
10%	-20%	-17.4%	-18.0%	-19.8%	-22.7%	-26.7%	-31.5%	-36.9%	-42.8%	-48.9%	-55.0%	-61.0%	-66.7%	-71.9%
15%	-30%	-24.4%	-25.0%	-26.6%	-29.3%	-32.9%	-37.3%	-42.3%	-47.6%	-53.2%	-58.8%	-64.3%	-69.5%	-74.3%
20%	-40%	-30.6%	-31.1%	-32.6%	-35.1%	-38.4%	-42.4%	-47.0%	-51.9%	-57.0%	-62.2%	-67.2%	-72.0%	-76.4%
25%	-50%	-36.0%	-36.5%	-37.9%	-40.2%	-43.2%	-46.9%	-51.1%	-55.7%	-60.4%	-65.1%	-69.8%	-74.2%	-78.3%
30%	-60%	-40.8%	-41.3%	-42.6%	-44.7%	-47.5%	-50.9%	-54.8%	-59.0%	-63.4%	-67.8%	-72.0%	-76.1%	-79.9%
35%	-70%	-45.1%	-45.5%	-46.8%	-48.7%	-51.3%	-54.5%	-58.1%	-62.0%	-66.0%	-70.1%	-74.1%	-77.9%	-81.4%
40%	-80%	-49.0%	-49.4%	-50.5%	-52.3%	-54.7%	-57.7%	-61.1%	-64.7%	-68.4%	-72.2%	-75.9%	-79.4%	-82.7%
45%	-90%	-52.4%	-52.8%	-53.8%	-55.5%	-57.8%	-60.6%	-63.7%	-67.1%	-70.6%	-74.1%	-77.5%	-80.8%	-83.8%
50%	-100%	-55.6%	-55.9%	-56.9%	-58.5%	-60.6%	-63.2%	-66.1%	-69.2%	-72.5%	-75.8%	-79.0%	-82.1%	-84.9%
55%	-110%	-58.4%	-58.7%	-59.6%	-61.1%	-63.1%	-65.5%	-68.2%	-71.2%	-74.2%	-77.3%	-80.3%	-83.2%	-85.9%
60%	-120%	-60.9%	-61.2%	-62.1%	-63.5%	-65.4%	-67.6%	-70.2%	-73.0%	-75.8%	-78.7%	-81.5%	-84.2%	-86.7%

The foregoing table is intended to isolate the effect of benchmark volatility and benchmark performance on the return of an inverse leveraged fund. The ProFund's actual returns may be significantly greater or less than the returns shown above as a result of any of the factors discussed above or under "Correlation Risk" in the Prospectus.

Investments in the Subsidiary – Transamerica BlackRock Global Allocation VP

The portfolio may invest up to 25% of its total assets in its Subsidiary. Investments in the Subsidiary are expected to provide the portfolio with exposure to the commodity markets. The principal purpose of investment in the Subsidiary is to allow the portfolio to gain exposure to the commodity markets within the limitations of the federal tax law requirements applicable to regulated investment companies. The portfolio, as a regulated investment company under the tax rules, is generally required to realize at least 90 percent of its annual gross income from certain investment-related sources, specifically, from dividends, interest, payments with respect to certain securities loans, gains from the sales of stock, securities and foreign currencies, other income (including, but not limited to, gains from options, futures, or forward contracts) derived with respect to its business of investing in such stock, securities or currencies, and net income derived from certain types of publicly traded partnerships (referred to as qualifying income). Direct investments by a regulated investment company in commodity-related instruments generally do not, under published IRS rulings, produce qualifying income. However, in a series of private letter rulings, the IRS has indicated income derived by a regulated investment company from a wholly-owned subsidiary invested in commodity and financial futures and option contracts, forward contracts, swaps on commodities or commodities indexes, commodity-linked notes and fixed income securities serving as collateral for the contracts would constitute qualifying income. The portfolio has not received a private letter ruling from the IRS confirming that income derived from the Subsidiary will constitute qualifying income to the portfolio. The IRS is no longer issuing private letter rulings to that effect, and is reportedly reexamining its position with respect to structures of this kind.

The Subsidiary is a company organized under the laws of the Cayman Islands, and is overseen by its own board of directors. Although the Subsidiary has its own board of directors, the Subsidiary is wholly-owned and controlled by the portfolio′.

The Subsidiary (unlike the portfolio) may invest without limit in commodities, commodity-linked derivatives, ETFs, leveraged or unleveraged commodity-linked notes and other investments that provide exposure to commodities. Although the portfolio may to some extent invest directly in commodity-linked derivative instruments and other investments that provide exposure to commodities, the portfolio may also gain exposure to these derivative instruments indirectly by investing in the Subsidiary. The Subsidiary also may invest in other instruments, including fixed income securities, cash and cash equivalents and U.S. government securities, either as investments or to serve as margin or collateral for the Subsidiary's derivatives positions. To the extent that the portfolio invests in the Subsidiary, it may be subject to the risks associated with those derivative instruments and other securities, which are discussed elsewhere in the prospectus and this SAI.

The Subsidiary is advised by TAM and sub-advised by the portfolio's sub-adviser. The Subsidiary (unlike the portfolio) may invest without limitation in commodities, commodity index-linked securities and other commodity-linked securities and derivative instruments. However, to the extent applicable to the investment activities of the Subsidiary, the Subsidiary otherwise is subject to the portfolio's investment restrictions and other policies. The portfolio and its Subsidiary test for compliance with the portfolio's investment restrictions on a consolidated basis. However, unlike the portfolio, the Subsidiary will not seek to qualify as a regulated investment company under Subchapter M of the Code.

The Subsidiary will not be subject to U.S. federal income tax. It will, however, be considered a controlled foreign corporation, and the portfolio will be rquired to include as income annually investment income earned by the Subsidiary during that year regardless of whether that income is distributed to the portfolio. Furthermore, the portfolio will be subject to generally applicable regulated investment company distribution requirements on any such income, whether or not the Subsidiary makes a distribution to the portfolio during the taxable year. The Subsidiary is not an investment company registered under the 1940 Act and, unless otherwise noted in the prospectus or this SAI, is not subject to all of the investor protections of the 1940 Act and other U.S. regulations. Changes in the laws of the United States and/or the Cayman Islands could affect the ability of the portfolio and/or the Subsidiary to operate as described in the prospectus and this SAI and could negatively affect the portfolio and its shareholders.

Portfolio Turnover

Portfolio turnover rate is, in general, the percentage calculated by taking the lesser of purchases or sales of portfolio securities (excluding short-term securities) for a year and dividing it by the monthly average of the market value of such securities held during the year.

Changes in security holdings are made by a portfolio's sub-adviser when it is deemed necessary. Such changes may result from: liquidity needs; securities having reached a price or yield objective; anticipated changes in interest rates or the credit standing of an issuer; or developments not foreseen at the time of the investment decision.

A sub-adviser may engage in a significant number of short-term transactions if such investing serves a portfolio's objective. The rate of portfolio turnover will not be a limiting factor when such short-term investing is considered appropriate. Increased turnover results in higher brokerage costs or mark-up charges for a portfolio, these charges are ultimately borne by the policyowners.

In computing the portfolio turnover rate, securities whose maturities or expiration dates at the time of acquisition are one year or less are excluded. Subject to this exclusion, the turnover rate for a portfolio is calculated by dividing (a) the lesser of purchases or sales of portfolio securities for the fiscal year by (b) the monthly average of portfolio securities owned by the portfolio during the fiscal year.

There are no fixed limitations regarding the portfolio turnover rates of the portfolios. Portfolio turnover rates are expected to fluctuate under constantly changing economic conditions and market circumstances. Higher turnover rates tend to result in higher brokerage fees. Securities initially satisfying the basic policies and objective of each portfolio may be disposed of when they are no longer deemed suitable.

Historical turnover rates are included in the Financial Highlights tables in the prospectus.

The following portfolios had a significant variation in their portfolio turnover rates over the two most recently completed fiscal years.

Transamerica Torray Concentrated Growth VP and Transamerica TS&W International Equity VP underwent sub adviser changes in 2013, leading to a higher turnover rate for that year.

Transamerica Legg Mason Dynamic Allocation - Balanced VP and Transamerica Legg Mason Dynamic Allocation - Growth VP have lower turnover in 2013 as the strategy employed remains relatively static because the NAV of the equity portion did not drop below a certain threshold. In 2013 this threshold was never breached as equity markets rallied which resulted in the lower turnover rate.

Transamerica Madison Balanced Allocation VP and Transamerica Madison Conservative Allocation VP have higher turnover rates as the list of underlying mutual fund options widened in 2013 and some underlying mutual funds were replaced with different options causing turnover to rise. Volatility guidelines also caused turnover within the portfolio.

Transamerica PIMCO Tactical - Balanced VP, Transamerica PIMCO Tactical - Conservative VP and Transamerica PIMCO Tactical - Growth VP underwent sub advisory changes in September of 2012. The new sub adviser has much more holdings and moves them less than the previous sub adviser which resulted in a lower turnover rate for 2013.

Transamerica PIMCO Total Return VP increase in turnover rate for 2013 is largely attributed to the sub adviser's mid-year shift in duration exposure from intermediate term maturities to short term maturities.

Transamerica PineBridge Inflation Opportunities VP had large inflows in 2012, which resulted in portfolio turnover rate being higher as compared to 2013. Net inflows were lower in 2013 and trading was modestly lower due to limited opportunities and higher market volatility.

Disclosure of Portfolio Holdings

It is the policy of the portfolios to protect the confidentiality of their holdings and prevent the selective disclosure of non-public information about portfolio holdings. The portfolios' service providers are required to comply with this policy. No non-public information concerning the portfolio holdings may be disclosed to any unaffiliated third party, except as provided below. The Board of Trustees has adopted formal procedures governing compliance with these policies.

The portfolios believe the policy is in the best interests of each portfolio and its shareholders and that it strikes an appropriate balance between the desire of investors for information about portfolio holdings and the need to protect portfolios from potentially harmful disclosures. Any conflicts of interest between the interests of portfolio shareholders and those of Transamerica or its affiliates are addressed in a manner that places the interests of portfolio shareholders first.

The portfolios, or their duly authorized service providers, may publicly disclose holdings in accordance with regulatory requirements, such as periodic portfolio disclosure in filings with the SEC. A summary or list of a portfolio's completed purchases and sales may only be made available after the public disclosure of portfolio holdings.

The portfolios publish all holdings on their website at www.transamericaseriestrust.com approximately 25 days after the end of each calendar quarter. Such information generally remains online for 6 months, or as otherwise consistent with applicable regulations. The day following such publication, the information is deemed to be publicly disclosed for the purposes of the policies and procedures adopted by the portfolios. The portfolios may then forward the information to investors and consultants requesting it.

Transamerica Aegon Money Market VP files monthly a schedule of portfolio holdings with the SEC on Form N-MFP. The information filed on Form N-MFP is made available to the public by the SEC 60 days after the end of the month to which the information pertains. A schedule of portfolio holdings for Transamerica Aegon Money Market VP is posted each month to the portfolio's website in accordance with Rule 2a-7(c)(12) under the 1940 Act.

There are numerous mutual fund evaluation services and due diligence departments of broker-dealers and wirehouses that regularly analyze the holdings of mutual funds and portfolios in order to monitor and report on various attributes including style, capitalization, maturity, yield, beta, etc. These services and departments then distribute the results of their analysis to the public, paid subscribers and/or in-house brokers. In order to facilitate the review of the funds and portfolios by these services and departments, the portfolios may distribute (or authorize their service providers to distribute) holdings to such services and departments before their public disclosure is required or authorized provided that: (i) the recipient does not distribute the holdings or results of the analysis to third parties, other departments or persons who are likely to use the information for purposes of purchasing or selling the portfolios before the holdings or results of the analysis become public information; and (ii) the recipient signs a written confidentiality agreement. Persons and entities unwilling to execute an acceptable confidentiality agreement may only receive portfolio holdings information that has otherwise been publicly disclosed. Neither the portfolios nor their service providers receive any compensation from such services and departments. Subject to such departures as the portfolios' investment adviser and compliance department believe reasonable and consistent with reasonably protecting the confidentiality of the portfolio information, each confidentiality agreement should provide that, among other things: the portfolio information is the confidential property of the portfolios (and their service providers, if applicable) and may not be shared or used directly or indirectly for any purpose except as expressly provided in the confidentiality agreement. The recipient of the portfolio information agrees to limit access to the portfolio information to its employees (and agents) who, on a need to know basis, are (1) authorized to have access to the portfolio information and (2) subject to a duty of confidentiality, including duties not to share the non-public information with an unauthorized source and not to trade on non-public information. Upon written request, the recipient agrees to promptly return or destroy, as directed, the portfolio information.

The portfolios (or their authorized service providers) may disclose portfolio information before their public disclosure based on the criteria described above. The frequency with which such information may be disclosed, and the length of the lag, if any, between the disclosure date of the information and the date on which the information is publicly disclosed, varies based on the terms of the applicable confidentiality agreement. The portfolios currently provide portfolio information to the following third parties at the stated frequency as part of ongoing arrangements that include the release of portfolio holdings information in accordance with the policy:

Name	Frequency
Advent Software, Inc.	Daily
Evare	Daily
Morningstar Associates, LLC	Daily
StarCompliance	Daily
Lipper, Inc.	Quarterly
Thompson Financial, Ltd.	Quarterly
Bloomberg	Quarterly

Portfolio holdings information may also be provided at any time (and as frequently as daily) to the portfolios' service providers and others who generally need access to such information in the performance of their contractual duties and responsibilities, such as TAM, the sub-advisers, the custodian, administrator, sub-administrator, independent public accountants, attorneys, and the portfolios' officers and trustees, subject to a duty of confidentiality with respect to any portfolio holdings information. TAM also receives portfolio holdings information to assist in the selection of underlying portfolios for certain asset allocation portfolios.

In addition to these ongoing arrangements, the policy permits the release by the portfolios (or their authorized service providers) of the following information concerning a portfolio, provided that the information has been publicly disclosed (via the portfolios' website or otherwise):

- **Top Ten Holdings –** A portfolio's top ten holdings and the total percentage of the portfolio such aggregate holdings represent.
- **Sector Holdings –** A portfolio's sector information and the total percentage of the portfolio held in each sector.

- **Other Portfolio Characteristic Data –** Any other analytical data with respect to a portfolio that does not identify any specific portfolio holding.
- **Funds of ETFs and Funds of Funds –** For any portfolio whose investments (other than cash alternatives) consist solely of shares of ETFs or other Funds, no sooner than 10 days after the end of a month the names of the ETFs or Funds held as of the end of that month and the percentage of the portfolio's net assets held in each ETF or Fund as of the end of that month.

The Board and an appropriate officer of the Investment Adviser's compliance department or the Trust's Chief Compliance Officer ("CCO") may, on a case-by-case basis, impose additional restrictions on the dissemination of portfolio information and waive certain requirements. Any exceptions to the policy must be consistent with the purposes of the policy. The CCO reports to the Board material compliance violations of the portfolios' policies and procedures on disclosure of portfolio holdings.

The Investment Adviser and Morningstar Associates, LLC, receives portfolio holdings information to assist in the selection of underlying funds for certain asset allocation funds. The Investment Adviser and Morningstar Associates, LLC, may utilize this information solely in selection of underlying funds and will not use the information to trade individual securities or instruments. Information concerning the portfolio holdings of certain portfolios may be disclosed to the risk assessment department of affiliated insurance companies to hedge their obligations under variable annuity products. The affiliated insurance companies will only purchase and/or sell index contracts in mitigating financial risks to which they are subject by virtue of the variable annuity contracts.

In addition, separate account and unregistered product clients of TAM, the sub-advisers of the portfolios, or their respective affiliates generally have access to information regarding the portfolio holdings of their own accounts. Prospective clients may also have access to representative portfolio holdings. These clients and prospective clients are not subject to the portfolio holdings disclosure policies described above. Some of these separate accounts and unregistered product clients have substantially similar or identical investment objectives and strategies to certain portfolios, and therefore may have substantially similar or nearly identical portfolio holdings as those portfolios.

Certain information in the above section may not apply to all of the Trusts managed by the Investment Adviser.

Commodity Exchange Act Registration

TAM has registered as a "commodity pool operator" ("CPO") under the Commodity Exchange Act ("CEA") with respect to its service as investment adviser to Transamerica ProFund UltraBear VP, Transamerica BlackRock Global Allocation Managed Risk – Balanced VP and Transamerica BlackRock Global Allocation Managed Risk – Growth VP. Compliance with applicable Commodity Futures Trading Commission ("CFTC") disclosure, reporting and recordkeeping regulations is expected to increase portfolio expenses.

The Investment Adviser relies on CFTC Rule 4.12(c)(3) with respect to Transamerica ProFund UltraBear VP, Transamerica BlackRock Global Allocation Managed Risk – Balanced VP and Transamerica BlackRock Global Allocation Managed Risk – Growth VP, which relieves the Investment Adviser from certain CFTC recordkeeping, reporting and disclosure requirements.

The remaining portfolios are operated by the Investment Adviser pursuant to an exclusion from registration as a CPO with respect to such portfolios under the CEA, and therefore, are not subject to registration or regulation with respect to the portfolios under the CEA. These portfolios are limited in their ability to enter into commodity interests positions subject to CFTC jurisdiction.

The portfolios and the Investment Adviser are continuing to analyze the effect of these rules changes on the portfolios.

Management of the Trust

Board Members and Officers

The Board Members and executive officers of the Trust are listed below.

Interested Board Member means a board member who may be deemed an "interested person" (as that term is defined in the 1940 Act) of the Trust because of his current or former service with TAM or an affiliate of TAM. Interested Board Members may also be referred to herein as "Interested Trustees." Independent Board Member means a Board Member who is not an "interested person" (as defined under the 1940 Act) of the Trust and may also be referred to herein as an "Independent Trustee."

The Board governs each portfolio and is responsible for protecting the interests of the shareholders. The Board Members are experienced executives who meet periodically throughout the year to oversee the business affairs of each portfolio and the operation of each portfolio by its officers. The Board also reviews the management of each portfolio's assets by the investment adviser and its respective sub-adviser.

The portfolios are among the portfolios advised and sponsored by TAM (collectively, "Transamerica Mutual Funds"). The Transamerica Mutual Funds consist of Transamerica Funds, Transamerica Series Trust ("TST"), Transamerica Income Shares, Inc. ("TIS"), Transamerica Partners Funds Group ("TPFG"), Transamerica Partners Funds Group II ("TPFG II"), Transamerica Partners Portfolios ("TPP") and Transamerica Asset Allocation Variable Funds ("TAAVF") and consists of 171 funds as of the date of this SAI.

The mailing address of each Board Member is c/o Secretary, 570 Carillon Parkway, St. Petersburg, Florida 33716.

The Board Members, their year of birth, their positions with the Trust, and their principal occupations for the past five years (their titles may have varied during that period), the number of funds in Transamerica Mutual Funds the Board oversees, and other board memberships they hold are set forth in the table below.

Name and Year of Birth	Position(s) Held with Trust	Term of Office and Length of Time Served*	Principal Occupation(s) During Past Five Years	Number of Funds in Complex Overseen by Board Member	Other Directorships During the Past Five Years
INTERESTED BOARD MEMBERS					
Marijn P. Smit (1973)	Board Member, President and Chief Executive Officer	Since 2014	Board Member, President and Chief Executive Officer, Transamerica Funds, TST, TPP, TPFG, TPFG II, TAAVF and TIS (2014 – present); Director, Chairman of the Board, President and Chief Executive Officer, Transamerica Asset Management, Inc. ("TAM") and Transamerica Fund Services, Inc. ("TFS") (2014 – present); President, Investment Solutions, Transamerica Investments & Retirement (2014 – present); Vice President, Transamerica Premier Life Insurance Company (2010 – present); Vice President, Transamerica Life Insurance Company (2010 – present); Senior Vice President, Transamerica Financial Life Insurance Company (2013 – present); Senior Vice President, Transamerica Retirement Advisors, Inc. (2013 – present); Senior Vice President, Transamerica Retirement Solutions Corporation (2012 – present); and President and Director, Transamerica Stable Value Solutions, Inc. (2010 – present)	171	N/A
Alan F. Warrick (1948)	Board Member	Since 2012	Board Member, Transamerica Funds, TST, TIS, TPP, TPFG, TPFG II and TAAVF (2012 – present); Consultant, Aegon USA (2010 – 2011); Senior Advisor, Lovell Minnick Equity Partners (2010 – present); Retired (2010 – present); and Managing Director for Strategic Business Development, Aegon USA (1994 – 2010).	171	First Allied Holdings Inc. (2013 – 2014)
INDEPENDENT BOARD MEMBERS					

Name and Year of Birth	Position(s) Held with Trust	Term of Office and Length of Time Served*	Principal Occupation(s) During Past Five Years	Number of Funds in Complex Overseen by Board Member	Other Directorships During the Past Five Years
INDEPENDENT BOARD MEMBERS — continued					
Sandra N. Bane (1952)	Board Member	Since 2008	Retired (1999 – present); Board Member, Transamerica Funds, TST, TIS, TPP, TPFG, TPFG II and TAAVF (2008 – present); Board Member, Transamerica Investors, Inc. (“TII”) (2003 – 2010); and Partner, KPMG (1975 – 1999).	171	Big 5 Sporting Goods (2002 – present); AGL Resources, Inc. (energy services holding company) (2008 – present)
Leo J. Hill (1956)	Lead Independent Board Member	Since 2001	Principal, Advisor Network Solutions, LLC (business consulting) (2006 – present); Board Member, TST (2001 – present); Board Member, Transamerica Funds and TIS (2002 – present); Board Member, TPP, TPFG, TPFG II and TAAVF (2007 – present); Board Member, TII (2008 – 2010); Market President, Nations Bank of Sun Coast Florida (1998 – 1999); Chairman, President and Chief Executive Officer, Barnett Banks of Treasure Coast Florida (1994 – 1998); Executive Vice President and Senior Credit Officer, Barnett Banks of Jacksonville, Florida (1991 – 1994); and Senior Vice President and Senior Loan Administration Officer, Wachovia Bank of Georgia (1976 – 1991).	171	Ameris Bancorp (2013 – present); Ameris Bank (2013 – present)
David W. Jennings (1946)	Board Member	Since 2009	Board Member, Transamerica Funds, TST, TIS, TPP, TPFG, TPFG II and TAAVF (2009 – present); Board Member, TII (2009 – 2010); Managing Director, Hilton Capital (2010 – present); Principal, Maxam Capital Management, LLC (2006 – 2008); and Principal, Cobble Creek Management LP (2004 – 2006).	171	N/A
Russell A. Kimball, Jr. (1944)	Board Member	Since 1986	General Manager, Sheraton Sand Key Resort (1975 – present); Board Member, TST (1986 – present); Board Member, Transamerica	171	N/A

Name and Year of Birth	Position(s) Held with Trust	Term of Office and Length of Time Served*	Principal Occupation(s) During Past Five Years	Number of Funds in Complex Overseen by Board Member	Other Directorships During the Past Five Years
INDEPENDENT BOARD MEMBERS — continued					
Russell A. Kimball, Jr. *(continued)*			Funds, (1986 – 1990), (2002 – present); Board Member, TIS (2002 – present); Board Member, TPP, TPFG, TPFG II and TAAVF (2007 – present); and Board Member, TII (2008 – 2010).		
Eugene M. Mannella (1954)	Board Member	Since 2007	Chief Executive Officer, HedgeServ Corporation (hedge fund administration) (2008 – present); Self-employed consultant (2006 – present); Managing Member and Chief Compliance Officer, HedgeServ Investment Services, LLC (limited purpose broker-dealer) (2011 – present); President, ARAPAHO Partners LLC (limited purpose broker-dealer) (1998 – 2008); Board Member, TPP, TPFG, TPFG II and TAAVF (1993 – present); Board Member, Transamerica Funds, TST and TIS (2007 – present); Board Member, TII (2008 – 2010); and President, International Fund Services (alternative asset administration) (1993 – 2005).	171	N/A
Norman R. Nielsen, Ph.D. (1939)	Board Member	Since 2006	Retired (2005 – present); Board Member, Transamerica Funds, TST and TIS (2006 – present); Board Member, TPP, TPFG, TPFG II and TAAVF (2007 – present); Board Member, TII (2008 – 2010); Interim President, Mt. Mercy University (2013 – 2014); Director, Aspire Inc. (formerly, Iowa Student Loan Service Corporation) (2006 – present); Director, League for Innovation in the Community Colleges (1985 – 2005); Director, Iowa Health Systems	171	Buena Vista University Board of Trustees (2004 – present); Chairman (2012-present)

Name and Year of Birth	Position(s) Held with Trust	Term of Office and Length of Time Served*	Principal Occupation(s) During Past Five Years	Number of Funds in Complex Overseen by Board Member	Other Directorships During the Past Five Years
INDEPENDENT BOARD MEMBERS — continued					
Norman R. Nielsen, Ph.D. *(continued)*			(1994 – 2003); Director, U.S. Bank (1985 – 2006); and President, Kirkwood Community College (1985 – 2005).		
Joyce G. Norden (1939)	Board Member	Since 2007	Retired (2004 – present); Board Member, TPFG, TPFG II and TAAVF (1993 – present); Board Member, TPP (2002 – present); Board Member, Transamerica Funds, TST and TIS (2007 – present); Board Member, TII (2008 – 2010); and Vice President, Institutional Advancement, Reconstructionist Rabbinical College (1996 – 2004).	171	Board of Governors, Reconstructionist Rabbinical College (2007 – 2012)
Patricia L. Sawyer (1950)	Board Member	Since 2007	Retired (2007 – present); President/Founder, Smith & Sawyer LLC (management consulting) (1989 – 2007); Board Member, Transamerica Funds, TST and TIS (2007 – present); Board Member, TII (2008 – 2010); Board Member, TPP, TPFG, TPFG II and TAAVF (1993 – present); Trustee, Chair of Finance Committee and Chair of Nominating Committee (1987 – 1996), Bryant University; Vice President, American Express (1987 – 1989); Vice President, The Equitable (1986 – 1987); and Strategy Consultant, Booz, Allen & Hamilton (1982 – 1986).	171	Honorary Trustee, Bryant University (1996 – present)
John W. Waechter (1952)	Board Member	Since 2004	Attorney, Englander Fischer (2008 – present); Retired (2004 – 2008); Board Member, TST and TIS (2004 – present); Board Member, Transamerica Funds (2005 – present); Board Member, TPP, TPFG, TPFG II and TAAVF (2007 – present);	171	Operation PAR, Inc. (2008 – present); West Central Florida Council – Boy Scouts of America (2008 – 2013); Remember Honor Support, Inc. (non-profit organization)

Name and Year of Birth	Position(s) Held with Trust	Term of Office and Length of Time Served*	Principal Occupation(s) During Past Five Years	Number of Funds in Complex Overseen by Board Member	Other Directorships During the Past Five Years
INDEPENDENT BOARD MEMBERS — continued					
John W. Waechter *(continued)*			Board Member, TII (2008 – 2010); Employee, RBC Dain Rauscher (securities dealer) (2004); Executive Vice President, Chief Financial Officer and Chief Compliance Officer, William R. Hough & Co. (securities dealer) (1979 – 2004); and Treasurer, The Hough Group of Funds (1993 – 2004).		(2013-present) Board Member, WRH Income Properties, Inc. (real estate) (2014-present)

* Each Board Member shall hold office until: 1) his or her successor is elected and qualified or 2) he or she resigns, retires or his or her term as a Board Member is terminated in accordance with the Trust's Declaration of Trust.

Officers

The mailing address of each officer is c/o Secretary, 570 Carillon Parkway, St. Petersburg, Florida 33716. The following table shows information about the officers, including their year of birth, their positions held with the Trust and their principal occupations during the past five years (their titles may have varied during that period). Each officer will hold office until his or her successor has been duly elected or appointed or until his or her earlier death, resignation or removal.

Name and Year of Birth	Position	Term of Office and Length of Time Served*	Principal Occupation(s) or Employment During Past Five Years
Marijn P. Smit (1973)	Board Member, President and Chief Executive Officer	Since 2014	See Table Above.
Tané T. Tyler (1965)	Vice President, Associate General Counsel, Chief Legal Officer and Secretary	Since 2014	Vice President, Associate General Counsel, Chief Legal Officer and Secretary, Transamerica Funds, TST, TPP, TPFG, TPFG II, TAAVF and TIS (2014 – present); Director, Vice President, Associate General Counsel, Chief Legal Officer and Secretary, TAM and TFS (2014 – present); Senior Vice President, Secretary and General Counsel, ALPS, Inc., ALPS Fund Services, Inc. and ALPS Distributors, Inc. (2004 – 2013); and Secretary, Liberty All-Star Funds (2005-2013).
Christopher A. Staples (1970)	Vice President and Chief Investment Officer, Advisory Services	Since 2005	Vice President and Chief Investment Officer, Advisory Services (2007 – present), Senior Vice President – Investment Management (2006 – 2007), Vice President – Investment Management (2005 – 2006), Transamerica Funds, TST and TIS; Vice President and Chief Investment Officer, Advisory Services, TPP, TPFG, TPFG II and TAAVF (2007 – present); Vice President and Chief Investment Officer (2007 – 2010); Vice President – Investment Administration (2005 – 2007), TII; Director (2005 – present), Senior Vice President (2006 – present) and Chief Investment Officer, Advisory Services (2007 – present), TAM; Director, TFS (2005 – present); and

Name and Year of Birth	Position	Term of Office and Length of Time Served*	Principal Occupation(s) or Employment During Past Five Years
Christopher A. Staples *(continued)*			Assistant Vice President, Raymond James & Associates (1999 – 2004).
Thomas R. Wald (1960)	Chief Investment Officer	Since 2014	Chief Investment Officer, Transamerica Funds, TST, TPP, TPFG, TPFG II, TAAVF and TIS (2014 – present); Senior Vice President and Chief Investment Officer, TAM (2014 – present); Chief Investment Officer, Transamerica Investments & Retirement (2014 – present); Vice President and Client Portfolio Manager, Curian Capital, LLC (2012 – 2014); Portfolio Manager, Tactical Allocation Group, LLC (2010 – 2011); Mutual Fund Manager, Munder Capital Management (2005 – 2008); and Mutual Fund Manager, Invesco Ltd. (1997 – 2004).
Vincent J. Toner (1970)	Vice President and Treasurer	Since 2014	Vice President and Treasurer (2014 – present) Transamerica Funds, TST, TIS, TPP, TPFG, TPFG II and TAAVF; Vice President and Treasurer, TAM and TFS (2014 – present); Senior Vice President and Vice President, Fund Administration, Brown Brothers Harriman (2010 – 2014); and Vice President Fund Administration & Fund Accounting, OppenheimerFunds (2007 - 2010)
Matthew H. Huckman, Sr. (1968)	Tax Manager	Since 2014	Tax Manager, Transamerica Funds, TST, TIS, TPP, TPFG, TPFG II and TAAVF (2014 – present); Tax Manager, TFS (2012 – present); and Assistant Mutual Fund Tax Manager, Invesco (2007-2012).
Scott M. Lenhart (1961)	Chief Compliance Officer and Anti-Money Laundering Officer	Since 2014	Chief Compliance Officer and Anti-Money Laundering Officer, Transamerica Funds, TST, TIS, TPP, TPFG, TPFG II and TAAVF (2014 – present); Chief Compliance Officer and Anti-Money Laundering Officer (2014 – present), Senior Compliance Officer (2008-2014), TAM; Vice President and Chief Compliance Officer, TFS (2014 – present); Director of Compliance, Transamerica Investments & Retirement (2014 – present); Vice President and Chief Compliance Officer, Transamerica Financial Advisors, Inc. (1999-2006); and Assistant Chief Compliance Officer, Raymond James Financial, Inc., Robert Thomas Securities, Inc. (1989-1998).

* Elected and serves at the pleasure of the Board of the Trust.

If an officer has held offices for different portfolios for different periods of time, the earliest applicable date is shown. No officer of the Trust, except for the Chief Compliance Officer, receives any compensation from the Trust.

Each of the Board Members, other than Mr. Jennings, Mr. Smit and Mr. Warrick, previously served as a trustee or director of the TAM, Diversified or Premier fund family, and each Board Member was thus initially selected by the board of the applicable predecessor fund family. In connection with the consolidation of all "manager of managers" investment advisory services within Transamerica in 2007, a single board was established to oversee the TAM and Diversified fund families, and each of the Board Members, other than Ms. Bane, Mr. Jennings and Mr. Warrick, joined the Board at that time. The Board was established with a view both to ensuring continuity of representation by board members of the TAM and Diversified fund families on the Board and in order to establish a Board with experience in and focused on overseeing various types of funds, which experience would be further developed and enhanced over time. Ms. Bane joined the Board in 2008 when the Premier fund family was consolidated into Transamerica Mutual Funds. Mr. Jennings joined the Board in 2009. Mr. Warrick joined the Board in 2012. Mr. Smit joined the Board in 2014.

The Board believes that each Board Member's experience, qualifications, attributes or skills on an individual basis and in combination with those of the other Board Members lead to the conclusion that the Board possesses the requisite skills and attributes. The Board believes that the Board Members' ability to review critically, evaluate, question and discuss information provided to them, to interact effectively with TAM, the sub-advisers, other services providers, counsel and independent auditors, and to exercise effective business judgment in the performance of their duties, support this conclusion. The Board also has considered the following experience, qualifications, attributes and/or skills, among others, of its members in reaching its conclusion: his or her character and integrity; such person's service as a board member of a predecessor fund family (other than Mr. Jennings, Mr. Smit and Mr. Warrick); such person's willingness to serve and willingness and ability to commit the time necessary to perform the duties of a Board Member; the fact that such person's service would be consistent with the requirements of the retirement policies of the Trust; as to each Board Member other than Mr. Smit and Mr. Warrick, his or her status as not being an "interested person" as defined in the 1940 Act; as to Mr. Smit, his status as a representative of TAM; and, as to Mr. Warrick, his former service in various executive positions for certain affiliates of TAM. In addition, the following specific experience, qualifications, attributes and/or skills apply as to each Board Member: Ms. Bane, accounting experience and experience as a board member of multiple organizations; Mr. Hill, financial and entrepreneurial experience as an executive, owner and consultant; Mr. Jennings, investment management experience as an executive of investment management organizations and portfolio manager; Mr. Kimball, business experience as an executive; Mr. Mannella, accounting and fund administration experience, investment management industry experience as an executive and consultant; Mr. Nielsen, academic leadership, insurance, business development and board experience; Ms. Norden, non-profit executive experience and extensive board and academic leadership; Ms. Sawyer, management consulting and board experience; Mr. Waechter, securities industry and fund accounting and fund compliance experience, legal experience and board experience; Mr. Smit, investment management and insurance experience as an executive and leadership roles with TAM and affiliated entities; and Mr. Warrick, financial services industry experience as an executive and consultant with various TAM affiliates and other entities. References to the qualifications, attributes and skills of Board Members are pursuant to requirements of the SEC, do not constitute holding out of the Board or any Board Member as having any special expertise or experience, and shall not impose any greater responsibility or liability on any such person or on the Board by reason thereof.

The Board is responsible for overseeing the management and operations of the portfolios. As a result of the recent resignation of the Chairman, the Board currently does not have a Chair, although it expects to appoint a new Chair at a later date. As noted above, the Board has a Lead Independent Board Member. Independent Board Members constitute more than 75% of the Board.

Board Committees

The Board has two standing committees: the Audit Committee and Nominating Committee. Both the Audit Committee and Nominating Committee are chaired by an Independent Board Member and composed of all of the Independent Board Members. In addition, the Board has a Lead Independent Board Member.

The Lead Independent Board Member and the chairs of the Audit and Nominating Committees work with the Chairman to set the agendas for Board and committee meetings. The Lead Independent Board Member also serves as a key point person for dealings between management and the Independent Board Members. Through the portfolios' board committees, the Independent Board Members consider and address important matters involving the portfolios, including those presenting conflicts or potential conflicts of interest for management, and they believe they can act independently and effectively. The Board believes that its leadership structure is appropriate and facilitates the orderly and efficient flow of information to the Independent Board Members from management.

The Audit Committee, among other things, oversees the accounting and reporting policies and practices and internal controls of the Trust, oversees the quality and integrity of the financial statements of the Trust, approves, prior to appointment, the engagement of the Trust's independent registered public accounting firm, reviews and evaluates the independent registered public accounting firm's qualifications, independence and performance, and approves the compensation of the independent registered public accounting firm.

The Audit Committee also approves all audit and permissible non-audit services provided to each portfolio by the independent registered public accounting firm and all permissible non-audit services provided by each portfolio's independent registered public accounting firm to TAM and any affiliated service providers if the engagement relates directly to each portfolio's operations and financial reporting.

The Nominating Committee is a forum for identifying, considering, selecting and nominating, or recommending for nomination by the Board, candidates to fill vacancies on the Board. The Nominating Committee may consider diversity in identifying potential candidates, including differences of viewpoint, professional experience and skill, as well as such other individual qualities and attributes as it may deem relevant. The Nominating Committee has not adopted a formal procedure for the implementation, or for assessing the effectiveness, of its policy with regard to the consideration of diversity in identifying potential candidates.

When addressing vacancies, the Nominating Committee sets any necessary standards or qualifications for service on the Board and may consider nominees recommended by any source it deems appropriate, including management and shareholders. Shareholders who wish to recommend a nominee should send recommendations to the Trust's Secretary that include all information relating to such person that is required to be disclosed in solicitations of proxies for the election of Board Members. A recommendation must be accompanied by a written consent of the individual to stand for election if nominated by the Board and to serve if elected by the shareholders.

The Nominating Committee also identifies potential nominees through its network of contacts and may also engage, if it deems appropriate, a professional search firm. The committee meets to discuss and consider such candidates' qualifications and then chooses a candidate by majority vote. The committee does not have specific, minimum qualifications for nominees, nor has it established specific qualities or skills that it regards as necessary for one or more of the Board Members to possess (other than any qualities or skills that may be required by applicable law, regulation or listing standard). The committee has, however, established (and reviews from time to time as it deems appropriate) certain desired qualities and qualifications for nominees, including certain personal attributes and certain skills and experience.

Risk Oversight

Through its oversight of the management and operations of the portfolios, the Board also has a risk oversight function, which includes (without limitation) the following: (i) requesting and reviewing reports on the operations of the portfolios (such as reports about the performance of the portfolios); (ii) reviewing compliance reports and approving compliance policies and procedures of the portfolios and their service providers; (iii) meeting with management to consider areas of risk and to seek assurances that adequate resources are available to address risks; (iv) meeting with service providers, including portfolio auditors, to review portfolio activities; and (v) meeting with the Chief Compliance Officer and other officers of the portfolios and their service providers to receive information about compliance, and risk assessment and management matters. Such oversight is exercised primarily through the Board and its Audit Committee but, on an ad hoc basis, also can be exercised by the Independent Board Members during executive sessions. The Board has emphasized to TAM and the sub-advisers the importance of maintaining vigorous risk management.

The Board recognizes that not all risks that may affect the portfolios can be identified, that it may not be practical or cost-effective to eliminate or mitigate certain risks, that it may be necessary to bear certain risks (such as investment-related risks) to achieve the portfolios' goals, and that the processes, procedures and controls employed to address certain risks may be limited in their effectiveness. Moreover, reports received by the Board Members as to risk management matters are typically summaries of the relevant information. Most of the portfolios' investment management and business affairs are carried out by or through TAM, its affiliates, the sub-advisers and other service providers each of which has an independent interest in risk management but whose policies and the methods by which one or more risk management functions are carried out may differ from the portfolios' and each other's in the setting of priorities, the resources available or the effectiveness of relevant controls. As a result of the foregoing and other factors, the Board's risk management oversight is subject to substantial limitations. In addition, some risks may be beyond the reasonable control of the Board, the portfolios, TAM, its affiliates, the sub-advisers or other service providers.

In addition, it is important to note that each portfolio is designed for investors that are prepared to accept investment risk, including the possibility that as yet unforeseen risks may emerge in the future.

Additional Information about the Committees of the Board

Both the Audit Committee and Nominating Committee are composed of all of the Independent Board Members. For the fiscal year ended December 31, 2013, the Audit Committee met 6 times and the Nominating Committee did not meet.

Trustee Ownership of Equity Securities

As of December 31, 2013, none of the Board Members owned equity securities in the TST portfolios.

Transamerica Mutual Funds	
Trustee	**Aggregate Dollar Range of Equity Securities**
Interested Trustees	
Marijn P. Smit*	Over $100,000
Alan F. Warrick	None
Independent Trustees	
Sandra N. Bane	None
Leo J. Hill	Over $100,000
David W. Jennings	None
Russell A. Kimball, Jr.	Over $100,000
Eugene M. Mannella	None
Norman R. Nielsen	$10,001-$50,000
Joyce G. Norden	$50,001-$100,000
Patricia L. Sawyer	Over $100,000
John W. Waechter	Over $100,000

* As of July 31, 2014.

As of December 31, 2013, none of the Independent Board Members or their immediate family members owned beneficially or of record any securities of the Adviser, sub-advisers or Distributor of the portfolios, or in a person (other than a registered investment company) directly or indirectly controlling, controlled by or under common control with the Adviser, sub-advisers or Distributor of the portfolios.

Trustee Compensation

As of January 1, 2014, Independent Board compensation is determined as follows: Independent Board Members receive a total annual retainer fee of $135,000 from the funds/portfolios that make up the Transamerica Mutual Funds, as well as $9,000 for each regularly scheduled meeting attended and each special meeting requiring an in-person quorum (whether attended in-person or telephonically). The Independent Board Members receive $2,500 for each telephonic meeting attended. Additionally, each member of the Audit Committee and Nominating Committee receives a total annual retainer fee of $25,000.

The Trust pays a pro rata share of these fees allocable to each series of the Trust based on the relative assets of the series.

The Lead Independent Trustee of the Board also receives an additional retainer of $40,000 per year. The Audit Committee Chairperson receives an additional retainer of $20,000 per year. The Trust also pays a pro rata share allocable to each series of Transamerica Series Trust based on the relative assets of the series for the Lead Independent Trustee and Audit Committee Chairperson retainers. Any fees and expenses paid to an Interested Trustee and officers are paid by TAM or an affiliate and not by the Trust, except for the Chief Compliance Officer.

Under a non-qualified deferred compensation plan effective January 1, 1996, as amended and restated January 1, 2010 (the "Deferred Compensation Plan"), available to the Board Members, compensation may be deferred that would otherwise be payable by the Trust to an Independent Board Member on a current basis for services rendered as a Board Member. Deferred compensation amounts will accumulate based on the value of Class A (or comparable) shares of a series of Transamerica Funds (without imposition of sales charge), as elected by the Board Members.

Amounts deferred and accrued under the Deferred Compensation Plan are unfunded and unsecured claims against the general assets of the Trust.

Compensation Table

The following table provides compensation amounts paid by the portfolios to the Independent Trustees for the fiscal year ended December 31, 2013. Interested Trustees are not compensated by the portfolios. Mr. Warrick is compensated for his Board service by TAM or an affiliate of TAM.

Portfolio Name	Sandra N. Bane	Leo J. Hill	David W. Jennings	Russell A. Kimball, Jr.	Eugene M. Mannella	Norman R. Nielsen	Joyce G. Norden	Patricia L. Sawer	John W. Waechter
Transamerica Aegon Active Asset Allocation – Conservative VP	$830	$1,010	$830	$830	$830	$830	$830	$830	$920
Transamerica Aegon Active Asset Allocation – Moderate Growth VP	$878	$1,070	$878	$878	$878	$878	$878	$878	$974
Transamerica Aegon Active Asset Allocation – Moderate VP	$1,428	$1,740	$1,428	$1,428	$1,428	$1,428	$1,428	$1,428	$1,584
Transamerica Aegon High Yield Bond VP	$776	$943	$776	$776	$776	$776	$776	$776	$860
Transamerica Aegon Money Market VP	$1,725	$2,099	$1,725	$1,725	$1,725	$1,725	$1,725	$1,725	$1,912
Transamerica Aegon U.S. Government Securities VP	$2,282	$2,771	$2,282	$2,282	$2,282	$2,282	$2,282	$2,282	$2,527
Transamerica AllianceBernstein Dynamic Allocation VP	$970	$1,180	$970	$970	$970	$970	$970	$970	$1,075
Transamerica Asset Allocation – Conservative VP	$4,791	$5,824	$4,791	$4,791	$4,791	$4,791	$4,791	$4,791	$5,307
Transamerica Asset Allocation – Growth VP	$2,771	$3,370	$2,771	$2,771	$2,771	$2,771	$2,771	$2,771	$3,070
Transamerica Asset Allocation – Moderate Growth VP	$13,715	$16,680	$13,715	$13,715	$13,715	$13,715	$13,715	$13,715	$15,197
Transamerica Asset Allocation – Moderate VP	$13,026	$15,844	$13,026	$13,026	$13,026	$13,026	$13,026	$13,026	$14,435
Transamerica Barrow Hanley Dividend Focused VP	$2,298	$2,791	$2,298	$2,298	$2,298	$2,298	$2,298	$2,298	$2,545
Transamerica BlackRock Global Allocation Managed Risk - Balanced VP	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Transamerica BlackRock Global Allocation Managed Risk - Growth VP	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Transamerica BlackRock Global Allocation VP	$3,337	$4,058	$3,337	$3,337	$3,337	$3,337	$3,337	$3,337	$3,698
Transamerica BlackRock Tactical Allocation VP	$2,514	$3,060	$2,514	$2,514	$2,514	$2,514	$2,514	$2,514	$2,787

Portfolio Name	Sandra N. Bane	Leo J. Hill	David W. Jennings	Russell A. Kimball, Jr.	Eugene M. Mannella	Norman R. Nielsen	Joyce G. Norden	Patricia L. Sawer	John W. Waechter
Transamerica Clarion Global Real Estate Securities VP	$1,161	$1,412	$1,161	$1,161	$1,161	$1,161	$1,161	$1,161	$1,287
Transamerica International Moderate Growth VP	$1,491	$1,813	$1,491	$1,491	$1,491	$1,491	$1,491	$1,491	$1,652
Transamerica Janus Balanced VP	$365	$445	$365	$365	$365	$365	$365	$365	$405
Transamerica Jennison Growth VP	$2,473	$3,006	$2,473	$2,473	$2,473	$2,473	$2,473	$2,473	$2,740
Transamerica JPMorgan Core Bond VP	$1,158	$1,408	$1,158	$1,158	$1,158	$1,158	$1,158	$1,158	$1,283
Transamerica JPMorgan Enhanced Index VP	$607	$739	$607	$607	$607	$607	$607	$607	$673
Transamerica JPMorgan Mid Cap Value VP	$2,268	$2,764	$2,268	$2,268	$2,268	$2,268	$2,268	$2,268	$2,516
Transamerica JPMorgan Tactical Allocation VP	$1,468	$1,787	$1,468	$1,468	$1,468	$1,468	$1,468	$1,468	$1,627
Transamerica Legg Mason Dynamic Allocation – Balanced VP	$492	$600	$492	$492	$492	$492	$492	$492	$546
Transamerica Legg Mason Dynamic Allocation – Growth VP	$180	$220	$180	$180	$180	$180	$180	$180	$200
Transamerica Madison Balanced Allocation VP	$108	$132	$108	$108	$108	$108	$108	$108	$120
Transamerica Madison Conservative Allocation VP	$125	$152	$125	$125	$125	$125	$125	$125	$138
Transamerica Madison Diversified Income VP	$173	$211	$173	$173	$173	$173	$173	$173	$192
Transamerica Market Participation Strategy VP	$176	$214	$176	$176	$176	$176	$176	$176	$195
Transamerica MFS International Equity VP	$681	$828	$681	$681	$681	$681	$681	$681	$754
Transamerica Morgan Stanley Capital Growth VP	$509	$619	$509	$509	$509	$509	$509	$509	$564
Transamerica Morgan Stanley Mid-Cap Growth VP	$2,174	$2,644	$2,174	$2,174	$2,174	$2,174	$2,174	$2,174	$2,409
Transamerica Multi-Managed Balanced VP	$1,412	$1,717	$1,412	$1,412	$1,412	$1,412	$1,412	$1,412	$1,565
Transamerica Multi-Manager Alternative Strategies VP	$0	$0	$0	$0	$0	$0	$0	$0	$0
Transamerica PIMCO Tactical - Balanced VP	$426	$519	$426	$426	$426	$426	$426	$426	$473

Portfolio Name	Sandra N. Bane	Leo J. Hill	David W. Jennings	Russell A. Kimball, Jr.	Eugene M. Mannella	Norman R. Nielsen	Joyce G. Norden	Patricia L. Sawer	John W. Waechter
Transamerica PIMCO Tactical - Conservative VP	$208	$254	$208	$208	$208	$208	$208	$208	$231
Transamerica PIMCO Tactical - Growth VP	$198	$241	$198	$198	$198	$198	$198	$198	$220
Transamerica PIMCO Total Return VP	$6,953	$8,450	$6,953	$6,953	$6,953	$6,953	$6,953	$6,953	$7,702
Transamerica PineBridge Inflation Opportunities VP	$473	$575	$473	$473	$473	$473	$473	$473	$524
Transamerica ProFund UltraBear VP	$135	$163	$135	$135	$135	$135	$135	$135	$149
Transamerica Systematic Small/Mid Cap Value VP	$1,695	$2,071	$1,695	$1,695	$1,695	$1,695	$1,695	$1,695	$1,883
Transamerica T. Rowe Price Small Cap VP	$1,123	$1,370	$1,123	$1,123	$1,123	$1,123	$1,123	$1,123	$1,247
Transamerica Torray Concentrated Growth VP	$652	$793	$652	$652	$652	$652	$652	$652	$723
Transamerica TS&W International Equity VP	$340	$413	$340	$340	$340	$340	$340	$340	$377
Transamerica Vanguard ETF Portfolio - Balanced VP	$5,095	$6,203	$5,095	$5,095	$5,095	$5,095	$5,095	$5,095	$5,649
Transamerica Vanguard ETF Portfolio - Conservative VP	$1,299	$1,581	$1,299	$1,299	$1,299	$1,299	$1,299	$1,299	$1,440
Transamerica Vanguard ETF Portfolio - Growth VP	$4,090	$4,979	$4,090	$4,090	$4,090	$4,090	$4,090	$4,090	$4,534
Transamerica Voya Balanced Allocation VP	$4	$4	$4	$4	$4	$4	$4	$4	$4
Transamerica Voya Conservative Allocation VP	$1	$1	$1	$1	$1	$1	$1	$1	$1
Transamerica Voya Intermediate Bond VP	$72	$88	$72	$72	$72	$72	$72	$72	$80
Transamerica Voya Large Cap Growth VP	$78	$96	$78	$78	$78	$78	$78	$78	$87
Transamerica Voya Limited Maturity Bond VP	$149	$183	$149	$149	$149	$149	$149	$149	$166
Transamerica Voya Mid Cap Opportunities VP	$203	$250	$203	$203	$203	$203	$203	$203	$227
Transamerica Voya Moderate Growth Allocation VP	$2	$2	$2	$2	$2	$2	$2	$2	$2
Transamerica WMC US Growth VP	$6,579	$8,000	$6,579	$6,579	$6,579	$6,579	$6,579	$6,579	$7,290
Transamerica WMC US Growth II VP	$33	$41	$33	$33	$33	$33	$33	$33	$37

Portfolio Name	Sandra N. Bane	Leo J. Hill	David W. Jennings	Russell A. Kimball, Jr.	Eugene M. Mannella	Norman R. Nielsen	Joyce G. Norden	Patricia L. Sawer	John W. Waechter
Pension or Retirement Benefits Accrued as Part of Fund Expenses	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Compensation Paid to Trustee from Transamerica Mutual Funds*	$185,600	$225,600	$185,600	$185,600	$185,600	$185,600	$185,600	$185,600	$205,600

* Of this aggregate compensation, the total amounts deferred from the portfolios (including earnings and dividends) and accrued for the benefit of the participating Trustees for the fiscal year ended December 31, 2013 were as follows: Joyce G. Norden, $104,208.78.

Shareholder Communication Procedures with the Board of Trustees

The Board of Trustees (the "Board") of the Trust has adopted these procedures by which shareholders of the Trust may send written communications to the Board. Shareholders may mail written communications to the Board, addressed to the care of the Secretary of the Trust ("Secretary"), as follows:

Board of Trustees
Transamerica Series Trust
c/o Secretary
570 Carillon Parkway
St. Petersburg, Florida 33716

Each shareholder communication must (i) be in writing and be signed by the shareholder, (ii) identify the underlying series of the Trust to which it relates, and (iii) identify the class (if applicable) held by the shareholder. The Secretary is responsible for collecting, reviewing and organizing all properly submitted shareholder communications. Usually, with respect to each properly submitted shareholder communication, the Secretary shall either (i) provide a copy of the communication to the Board at the next regularly scheduled Board meeting or (ii) if the Secretary determines that the communication requires more immediate attention, forward the communication to the Board promptly after receipt. The Secretary may, in good faith, determine that a shareholder communication should not be provided to the Board because the communication (i) does not reasonably relate to a series of the Trust or its operation, management, activities, policies, service providers, Board, officers, shareholders or other matters relating to an investment in the Trust, or (ii) is ministerial in nature (such as a request for Trust literature, share data or financial information). These Procedures shall not apply to (i) any communication from an officer or Trustee of the Trust, (ii) any communication from an employee or agent of the Trust, unless such communication is made solely in such employee's or agent's capacity as a shareholder, (iii) any shareholder proposal submitted pursuant to Rule 14a-8 under the Securities Exchange Act of 1934 ("Exchange Act") or any communication made in connection with such a proposal, or (iv) any communication that reasonably may be considered to be a complaint regarding the Trust or shareholder services, which complaint shall instead be promptly forwarded to the Trust's Chief Compliance Officer. The Trustees are not required to attend the Trust's shareholder meetings, if any, or to otherwise make themselves available to shareholders for communications, other than pursuant to these Procedures.

Code of Ethics

The Trust, TAM, each sub-adviser and TCI have each adopted a Code of Ethics as required by applicable law, which is designed to prevent affiliated persons of the Trust, TAM, each sub-adviser and TCI from engaging in deceptive, manipulative, or fraudulent activities in connection with securities held or to be acquired by the portfolios (which may also be held by persons subject to a code of ethics). There can be no assurance that the codes of ethics will be effective in preventing such activities.

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

Proxy Voting Policies and Procedures

The Trust uses the proxy voting policies of the respective sub-advisers to determine how to vote proxies relating to securities in their portion of the portfolio. The proxy voting policies and procedures of TAM and the sub-advisers are attached hereto as Appendix A.

TAM's proxy voting policy and procedures address material conflicts of interest that may arise between TAM or its affiliates and the funds by either: (i) providing for voting in accordance with the recommendation of an independent third party or the Board; or (ii) obtaining the consent of the Board (or a Board Committee) with full disclosure of the conflict.

The Trust files SEC Form N-PX, with the complete proxy voting records of the portfolios for the 12 months ended June 30th, no later than August 31st of each year. The Form is available without charge: (1) upon request by calling 1-888-233-4339; and (2) on the SEC's website at www.sec.gov.

Proxy Voting Policies and Procedures

I. Statement of Principle

The portfolios seek to assure that proxies received by the portfolios are voted in the best interests of the portfolios' stockholders and have accordingly adopted these procedures.

II. Delegation of Proxy Voting/Adoption of Adviser and Sub-Adviser Policies

Each portfolio delegates the authority to vote proxies related to portfolio securities to TAM (the "Adviser"), as investment adviser to each portfolio, which in turn delegates proxy voting authority for most portfolios of the Trust to the Sub-Adviser retained to provide day-to-day portfolio management for that portfolio. The Board of Trustees ("Board") of each portfolio adopts the proxy voting policies and procedures of the Adviser and Sub-Advisers as the proxy voting policies and procedures (each a "Proxy Voting Policy") that will be used by each of these respective entities when exercising voting authority on behalf of the portfolio. These policies and procedures are herein.

III. Annual Review of Proxy Voting Policies of Adviser and Sub-Advisers

No less frequently than once each calendar year, the Proxy Voting Administrator will request each Sub-Adviser to provide a current copy of its Proxy Voting Policy, or certify that there have been no material changes to its Proxy Voting Policy or that all material changes have been previously provided for review, and verify that such Proxy Voting Policy is consistent with those of the portfolios and Adviser. Any inconsistency between the Sub-Adviser's Proxy Voting Policy and that of the portfolios or Adviser shall be reconciled by the Proxy Voting Administrator before presentation for approval by the Board.

The Proxy Voting Administrator will provide an electronic copy of each Board approved Proxy Voting Policy to the legal department for inclusion in applicable SEC filings.

IV. Securities on Loan

The Board has authorized the Adviser, in conjunction with State Street Bank and Trust Company ("State Street"), located at One Lincoln Street, Boston, MA 02111, to lend portfolio securities on behalf of the portfolios. Securities on loan generally are voted by the borrower of such securities. Should a Sub-Adviser to the portfolio wish to exercise its vote for a particular proxy, the Adviser will immediately contact State Street and terminate the loan.

Investment Advisory and Other Services

The Investment Adviser

Transamerica Asset Management, Inc. ("TAM" or the "Investment Adviser"), located at 4600 S. Syracuse Street, Suite 1100, Denver, CO 80237, serves as investment adviser for Transamerica Series Trust. TAM provides continuous and regular investment advisory services to the funds. For each of the portfolios, TAM currently acts as a "manager of managers" and hires investment sub-advisers to furnish investment advice and recommendations and has entered into a sub-advisory agreement with each portfolio's sub-adviser. In acting as a manager of managers, the Investment Adviser provides investment advisory services that include proactive oversight of sub-advisers, daily monitoring of the sub-advisers' buying and selling of securities for the portfolios and regular review of sub-adviser performance. More information on the investment advisory services rendered by TAM is included in the SAI. TAM is paid investment advisory fees for its service as investment adviser to each portfolio. These fees are calculated on the average daily net assets of each portfolio. For each of the portfolios, TAM currently acts as a "manager of managers" and hires sub-advisers to furnish day-to-day investment advice and recommendations. TAM may, in the future, determine to provide the day-to-day management of any such portfolio without the use of a sub-adviser.

TAM provides continuous and regular investment advisory services to the portfolios. When acting as a manager of managers, TAM provides advisory services that include, without limitation, the design and development of each portfolio and its investment strategy and the ongoing review and evaluation of that investment strategy including recommending changes in strategy where it believes appropriate or advisable; the selection of one or more sub-advisers for each portfolio employing a combination of quantitative and qualitative screens, research, analysis and due diligence; oversight and monitoring of sub-advisers and recommending changes to sub-advisers where it believes appropriate or advisable; recommending portfolio combinations and liquidations where it believes appropriate or advisable; regular supervision of the portfolios' investments; regular review of sub-adviser performance and holdings; ongoing trade oversight and analysis; regular monitoring to ensure adherence to investment process; risk management oversight and analysis; design, development, implementation and regular monitoring of the valuation process; design, development, implementation and regular monitoring of the compliance process; review of proxies voted by sub-advisers; oversight of preparation, and review, of materials for meetings of the portfolios' Board of Trustees, participation in these meetings and preparation of regular communications with the Board; oversight of preparation, and review, of prospectuses, shareholder reports and other disclosure materials and regulatory filings for the portfolios; oversight of other service providers to the portfolios, such as the custodian, the transfer agent, the portfolios' independent accounting firm and legal counsel; supervision of the performance of recordkeeping and shareholder relations functions for the portfolios; and ongoing cash management services. TAM uses a variety of quantitative and qualitative tools to carry out its investment advisory services.

TAM is directly owned by Transamerica Premier Life Insurance Company ("TPLIC") (77%) and AUSA Holding Company (23%) ("AUSA"), both of which are indirect, wholly owned subsidiaries of Aegon NV. TPLIC is owned by Commonwealth General Corporation ("Commonwealth") (87.72%) and Aegon USA, LLC ("Aegon USA") (12.28%). Commonwealth and AUSA are wholly owned by Aegon USA. Aegon USA is wholly owned by Aegon US Holding Corporation, which is wholly owned by Transamerica Corporation (DE). Transamerica Corporation (DE) is wholly owned by The Aegon Trust, which is wholly owned by Aegon International B.V., which is wholly owned by Aegon NV, a Netherlands corporation, and a publicly traded international insurance group.

Advisory Agreement

TAM has agreed, under each portfolio's Advisory Agreement, to regularly provide the portfolio with investment advisory services, including management, supervision and investment research and advice and shall furnish a continuous investment program for the portfolio's portfolio of securities and other investments consistent with the portfolio's investment objectives, policies and restrictions, as stated in the portfolio's prospectus and SAI. TAM is permitted to enter into contracts with sub-advisers, subject to the Board's approval. TAM has entered into sub-advisory agreements, as described below.

As compensation for services performed, each portfolio pays TAM a fee computed daily at an annual rate of the portfolio's average daily net assets as described below. TAM bears all expenses incurred by it in the performance of its duties under each portfolio's Advisory Agreement. A portfolio bears all expenses not expressly assumed by TAM incurred in the operation of the portfolio and the offering of its shares.

The Advisory Agreement for a portfolio will terminate, unless sooner terminated as set forth therein, two years from its effective date, and will continue in effect from year to year thereafter, if continuance is specifically approved at least annually by (i) the vote of a majority of the Board Members who are not parties thereto or interested persons of any party thereto, cast in person at a meeting called for the purpose of voting on the approval of the terms of renewal, and by (ii) either the Board or the affirmative vote of a majority of the outstanding voting securities of that portfolio.

Each Advisory Agreement provides that TAM may render services to others. Under each portfolio's Advisory Agreement, TAM assumes no responsibility other than to render the services called for by the Advisory Agreement in good faith, and TAM and its affiliates will not be liable for any error of judgment or mistake of law, or for any loss arising out of any investment or for any act or omission in the execution of securities transactions for the portfolio. TAM and its affiliates are not protected, however, against any liability to a portfolio to which TAM or an affiliate would otherwise be subject by reason of willful misfeasance, bad faith, or gross negligence in the performance of its duties or by reason of its reckless disregard of its obligations and duties under the Advisory Agreement.

Each Advisory Agreement provides that it may be terminated with respect to any portfolio at any time, without the payment of any penalty, upon 60 days' written notice to TAM, or by TAM upon 60 days' written notice to the portfolio. A portfolio may effect termination by action of the Board or by vote of a majority of the outstanding voting securities of the portfolio, accompanied by appropriate notice. The Advisory Agreement terminates automatically in the event of its "assignment" (as defined in the 1940 Act).

Investment Adviser Compensation

TAM receives compensation calculated daily and paid monthly from the portfolios, at the annual rates indicated below. The advisory fees each portfolio paid during the fiscal year ended December 31, 2013, as a percentage of the portfolio's average daily net assets, are included in the portfolio's prospectus.

Portfolio Name	Percentage of Average Daily Net Assets
Transamerica Aegon Active Asset Allocation – Conservative VP Transamerica Aegon Active Asset Allocation – Moderate Growth VP Transamerica Aegon Active Asset Allocation – Moderate VP	0.55% of the first $50 million 0.53% over $50 million up to $250 million 0.51% in excess of $250 million
Transamerica Aegon High Yield Bond VP	0.55% of the first $1.25 billion 0.525% over $1.25 billion to $2 billion 0.50% in excess of $2 billion
Transamerica Aegon Money Market VP	0.35%
Transamerica Aegon U.S. Government Securities VP	0.55%
Transamerica AllianceBernstein Dynamic Allocation VP	0.75% of the first $250 million 0.70% in excess of $250 million
Transamerica Asset Allocation – Conservative VP Transamerica Asset Allocation – Growth VP Transamerica Asset Allocation – Moderate Growth VP Transamerica Asset Allocation – Moderate VP	0.10% of the first $10 billion 0.09% in excess of $10 billion
Transamerica Barrow Hanley Dividend Focused VP	0.75% of the first $200 million 0.65% over $200 million up to $500 million 0.60% in excess of $500 million
Transamerica BlackRock Global Allocation Managed Risk - Balanced VP	0.25% of the first $5 billion 0.24% over $5 billion up to $10 billion 0.19% in excess of $10 billion
Transamerica BlackRock Global Allocation Managed Risk – Growth VP	0.27% of the first $5 billion 0.26% over $5 billion up to $10 billion 0.21% in excess of $10 billion
Transamerica BlackRock Global Allocation VP	0.68% of the first $5 billion 0.67% in excess of $5 billion
Transamerica BlackRock Tactical Allocation VP	0.10% of the first $1 billion 0.08% in excess of $1 billion
Transamerica Clarion Global Real Estate Securities VP	0.80% of the first $250 million 0.775% over $250 million up to $500 million 0.70% over $500 million up to $1 billion 0.65% in excess of $1 billion

Portfolio Name	Percentage of Average Daily Net Assets
Transamerica International Moderate Growth VP	0.10% of the first $10 billion 0.09% in excess of $10 billion
Transamerica Janus Balanced VP	0.73% of the first $250 million 0.70% over $250 million up to $500 million 0.675% over $500 million up to $1 billion 0.65% in excess of $1 billion
Transamerica Jennison Growth VP	0.80% of the first $250 million 0.75% over $250 million up to $500 million 0.70% over $500 million up to $1 billion 0.60% in excess of $1 billion
Transamerica JPMorgan Core Bond VP	0.45% of the first $750 million 0.40% over $750 million up to $1 billion 0.375% in excess of $1 billion
Transamerica JPMorgan Enhanced Index VP	0.74% of the first $750 million 0.69% over $750 million up to $1 billion 0.65% in excess of $1 billion
Transamerica JPMorgan Mid Cap Value VP	0.85% up to $100 million 0.80% in excess of $100 million
Transamerica JPMorgan Tactical Allocation VP	0.70% of the first $500 million 0.675% over $500 million up to $750 million 0.65% in excess of $750 million
Transamerica Legg Mason Dynamic Allocation – Balanced VP	0.58% of the first $350 million 0.56% over $350 million up to $750 million 0.53% over $750 million up to $1.5 billion 0.51% in excess of $1.5 billion
Transamerica Legg Mason Dynamic Allocation – Growth VP	0.60% of the first $250 million 0.57% over $250 million up to $750 million 0.54% over $750 million up to $1 billion 0.53% over $1 billion up to $1.5 billion 0.52% over $1.5 billion
Transamerica Madison Balanced Allocation VP	0.15%
Transamerica Madison Conservative Allocation VP	0.15%
Transamerica Madison Diversified Income VP	0.75%
Transamerica Market Participation Strategy VP	0.65% of the first $500 million 0.62% over $500 million up to $1 billion 0.59% over $1 billion up to $1.5 billion 0.57% over $1.5 billion
Transamerica MFS International Equity VP	0.90% of the first $250 million 0.875% over $250 million up to $500 million 0.85% over $500 million up to $1 billion 0.80% in excess of $1 billion
Transamerica Morgan Stanley Capital Growth VP	0.80% of the first $500 million 0.675% in excess of $500 million
Transamerica Morgan Stanley Mid-Cap Growth VP	0.80% of the first $1 billion 0.775% in excess of $1 billion
Transamerica Multi-Managed Balanced VP	0.65% of the first $1 billion 0.60% in excess of $1 billion
Transamerica Multi-Manager Alternative Strategies VP	0.20% of the first $500 million 0.19% over $500 million up to $1 billion 0.18% in excess of $1 billion
Transamerica PIMCO Tactical - Balanced VP	0.78% of the first $250 million 0.77% over $250 million up to $750 million 0.76% over $750 million up to $1.5 billion 0.73% in excess of $1.5 billion
Transamerica PIMCO Tactical - Conservative VP	0.76% of the first $750 million 0.75% over $750 million up to $1.5 billion 0.72% in excess of $1.5 billion

Portfolio Name	Percentage of Average Daily Net Assets
Transamerica PIMCO Tactical - Growth VP	0.79% of the first $250 million 0.78% over $250 million up to $750 million 0.76% over $750 million up to $1.5 billion 0.73% in excess of $1.5 billion
Transamerica PIMCO Total Return VP	0.675% of the first $250 million 0.65% over $250 million up to $750 million 0.60% in excess of $750 million
Transamerica PineBridge Inflation Opportunities VP	0.55% of the first $200 million 0.54% over $200 million up to $500 million 0.51% in excess of $500 million
Transamerica ProFund UltraBear VP	0.85% of the first $250 million 0.80% over $250 million up to $750 million 0.75% in excess of $750 million
Transamerica Systematic Small/Mid Cap Value VP	0.80% of the first $500 million 0.75% in excess of $500 million
Transamerica T. Rowe Price Small Cap VP	0.75%
Transamerica Torray Concentrated Growth VP	0.65% of the first $650 million 0.63% over $650 million up to $1.15 billion 0.575% in excess of $1.15 billion
Transamerica TS&W International Equity VP	0.74% of the first $500 million 0.72% over $500 million up to $1 billion 0.69% over $1 billion up to $2 billion 0.66% in excess of $2 billion
Transamerica Vanguard ETF Portfolio - Balanced VP	0.32% of the first $50 million 0.30% over $50 million up to $250 million 0.28% in excess of $250 million
Transamerica Vanguard ETF Portfolio - Conservative VP	0.32% of the first $50 million 0.30% over $50 million up to $250 million 0.28% in excess of $250 million
Transamerica Vanguard ETF Portfolio - Growth VP	0.32% of the first $50 million 0.30% over $50 million up to $250 million 0.28% in excess of $250 million
Transamerica Voya Balanced Allocation VP	0.10% of the first $10 billion 0.09% in excess of $10 billion
Transamerica Voya Conservative Allocation VP	0.10% of the first $10 billion 0.09% in excess of $10 billion
Transamerica Voya Intermediate Bond VP	0.50% of the first $1 billion 0.48% in excess of $1 billion
Transamerica Voya Large Cap Growth VP	0.80% of the first $250 million 0.75% over $250 million up to $1 billion 0.72% in excess of $1 billion
Transamerica Voya Limited Maturity Bond VP	0.50% of the first $250 million 0.475% over $250 million up to $1 billion 0.46% in excess of $1 billion
Transamerica Voya Mid Cap Opportunities VP	0.83% of the first $100 million 0.815% over $100 million up to $1 billion 0.80% in excess of $1 billion
Transamerica Voya Moderate Growth Allocation VP	0.10% of the first $10 billion 0.09% in excess of $10 billion
Transamerica WMC US Growth VP	0.70% of the first $150 million 0.67% over $150 million up to $650 million 0.65% over $650 million up to $1.15 billion 0.625% over $1.15 billion up to $2 billion 0.61% over $2 billion up to $3 billion 0.60% over $3 billion up to $4 billion 0.58% in excess of $4 billion
Transamerica WMC US Growth II VP	0.30%

Expense Limitation

TAM has entered into an expense limitation agreement with the Trust on behalf of certain portfolios, pursuant to which TAM has agreed to reimburse a portfolio's expenses or waive fees, or both, whenever, in any fiscal year, the total cost to a portfolio of normal operating expenses chargeable to the portfolio, including the investment advisory fee but excluding, as applicable, 12b-1 fees, acquired fund fees and expenses, interest, taxes, brokerage commissions, dividend and interest expenses on securities sold short, extraordinary expenses and other expenses not incurred in the ordinary course of the portfolio's business) exceed a certain percentage of the portfolio's average daily net assets ("expense cap"). The portfolios may, at a later date, reimburse TAM for operating expenses previously paid on behalf of such portfolios during the previous 36 months (36-month reimbursement), but only if, after such reimbursement, the portfolios' expense ratios do not exceed the expense cap. The agreement continues automatically for one-year terms unless TAM provides written notice to the Trust prior to the end of the then-current term. In addition, the agreement will terminate upon termination of the Advisory Agreement.

Currently, each portfolio is included in the 36-month reimbursement arrangement.

In addition, TAM or any of its affiliates may waive fees or reimburse expenses of one or more classes of the Transamerica Aegon Money Market VP portfolio in order to avoid a negative yield. Any such waiver or expense reimbursement would be voluntary, could be discontinued at any time, and is subject in certain circumstances to reimbursement by the portfolio to TAM or its affiliates. There is no guarantee that the portfolio will be able to avoid a negative yield.

The applicable expense caps for each of the portfolios are listed in the following table.

Portfolio Name	Expense Cap	Expiration Date of Expense Cap
Transamerica Aegon Active Asset Allocation – Conservative VP	0.61%	May 1, 2015
Transamerica Aegon Active Asset Allocation – Moderate Growth VP	0.67%	May 1, 2015
Transamerica Aegon Active Asset Allocation – Moderate VP	0.68%	May 1, 2015
Transamerica Aegon High Yield Bond VP	0.85%	May 1, 2015
Transamerica Aegon Money Market VP	0.57%	May 1, 2015
Transamerica Aegon U.S. Government Securities VP	0.63%	May 1, 2015
Transamerica AllianceBernstein Dynamic Allocation VP	1.00%	May 1, 2015
Transamerica Asset Allocation – Conservative VP	0.25%	May 1, 2015
Transamerica Asset Allocation – Growth VP	0.25%	May 1, 2015
Transamerica Asset Allocation – Moderate Growth VP	0.25%	May 1, 2015
Transamerica Asset Allocation – Moderate VP	0.25%	May 1, 2015
Transamerica Barrow Hanley Dividend Focused VP	0.90%	May 1, 2015
Transamerica BlackRock Global Allocation Managed Risk - Balanced VP	0.32%	November 10, 2015
Transamerica BlackRock Global Allocation Managed Risk - Growth VP	0.35%	November 10, 2015
Transamerica BlackRock Global Allocation VP	0.90%	May 1, 2015
Transamerica BlackRock Tactical Allocation VP	0.25%	May 1, 2015
Transamerica Clarion Global Real Estate Securities VP	1.00%	May 1, 2015
Transamerica International Moderate Growth VP	0.25%	May 1, 2015
Transamerica Janus Balanced VP	0.90%	May 1, 2015
Transamerica Jennison Growth VP	0.94%	May 1, 2015
Transamerica JPMorgan Core Bond VP	0.70%	May 1, 2015
Transamerica JPMorgan Enhanced Index VP	0.84%	May 1, 2015
Transamerica JPMorgan Mid Cap Value VP	1.00%	May 1, 2015
Transamerica JPMorgan Tactical Allocation VP	0.90%	May 1, 2015
Transamerica Legg Mason Dynamic Allocation – Balanced VP	0.77%	May 1, 2015
Transamerica Legg Mason Dynamic Allocation – Growth VP	0.79%	May 1, 2015
Transamerica Madison Balanced Allocation VP	0.35%	May 1, 2015
Transamerica Madison Conservative Allocation VP	0.35%	May 1, 2015
Transamerica Madison Diversified Income VP	1.01%	May 1, 2015
Transamerica Market Participation Strategy VP	0.82%	May 1, 2015
Transamerica MFS International Equity VP	1.125%	May 1, 2015
Transamerica Morgan Stanley Capital Growth VP	0.90%	May 1, 2015
Transamerica Morgan Stanley Mid-Cap Growth VP	1.00%	May 1, 2015
Transamerica Multi-Managed Balanced VP	0.90%	May 1, 2015
Transamerica Multi-Manager Alternative Strategies VP	0.55%	May 1, 2015
Transamerica PIMCO Tactical - Balanced VP	0.95%	May 1, 2015
Transamerica PIMCO Tactical - Conservative VP	0.92%	May 1, 2015

Portfolio Name	Expense Cap	Expiration Date of Expense Cap
Transamerica PIMCO Tactical - Growth VP	0.95%	May 1, 2015
Transamerica PIMCO Total Return VP	0.80%	May 1, 2015
Transamerica PineBridge Inflation Opportunities VP	0.90%	May 1, 2015
Transamerica ProFund UltraBear VP	0.98%	May 1, 2015
Transamerica Systematic Small/Mid Cap Value VP	0.89%	May 1, 2015
Transamerica T. Rowe Price Small Cap VP	0.93%	May 1, 2015
Transamerica Torray Concentrated Growth VP	0.84%	May 1, 2015
Transamerica TS&W International Equity VP	1.07%	May 1, 2015
Transamerica Vanguard ETF Portfolio - Balanced VP	0.37%	May 1, 2015
Transamerica Vanguard ETF Portfolio - Conservative VP	0.37%	May 1, 2015
Transamerica Vanguard ETF Portfolio - Growth VP	0.37%	May 1, 2015
Transamerica Voya Balanced Allocation VP	1.15%	May 1, 2015
Transamerica Voya Conservative Allocation VP	1.18%	May 1, 2015
Transamerica Voya Intermediate Bond VP	0.99%	May 1, 2015
Transamerica Voya Large Cap Growth VP	1.18%	May 1, 2015
Transamerica Voya Limited Maturity Bond VP	0.88%	May 1, 2015
Transamerica Voya Mid Cap Opportunities VP	1.15%	May 1, 2015
Transamerica Voya Moderate Growth Allocation VP	1.21%	May 1, 2015
Transamerica WMC US Growth VP	0.85%	May 1, 2015
Transamerica WMC US Growth II VP	0.30%	May 1, 2015

Advisory Fees Paid by the Portfolios

The following table sets forth the total amounts the portfolios paid to TAM (after waivers/expense reimbursements), and Advisory Fees Waived/Expenses Reimbursed by TAM to the portfolios, if any, for the last three fiscal years.

Transamerica BlackRock Global Allocation VP: TAM's advisory fee was waived for the periods shown.

"N/A" in the table below indicates that the portfolio was not in operation during the relevant fiscal year and, accordingly, no advisory fees are shown.

Fund Name	Net Advisory Fees			Advisory Fees Waived/Expenses Reimbursed		
	2013	2012	2011	2013	2012	2011
Transamerica Aegon Active Asset Allocation – Conservative VP	$ 1,698,551	$ 999,992	$ 88,789	$ 0	$ 0	$ 10,710
Transamerica Aegon Active Asset Allocation – Moderate Growth VP	$ 1,890,880	$ 916,824	$ 33,629	$ 0	$ 0	$ 34,277
Transamerica Aegon Active Asset Allocation – Moderate VP	$ 3,149,572	$ 823,713	$ 23,147	$ 0	$ 0	$ 16,931
Transamerica Aegon High Yield Bond VP	$ 1,884,953	$ 1,624,526	$ 1,375,622	$ 0	$ 0	$ 0
Transamerica Aegon Money Market VP	$ 1,194,884	$ 1,445,878	$ 857,006	$1,039,793	$701,295	$1,448,242
Transamerica Aegon U.S. Government Securities VP	$ 4,344,340	$ 5,254,072	$ 3,734,501	$ 0	$ 0	$ 0
Transamerica AllianceBernstein Dynamic Allocation VP	$ 2,667,393	$ 2,299,711	$ 1,332,476	$ 0	$ 0	$ 0
Transamerica Asset Allocation – Conservative VP	$ 1,758,368	$ 1,754,801	$ 1,616,051	$ 0	$ 0	$ 0
Transamerica Asset Allocation – Growth VP	$ 1,053,267	$ 957,812	$ 1,037,801	$ 0	$ 0	$ 0
Transamerica Asset Allocation – Moderate Growth VP	$ 5,162,550	$ 4,829,505	$ 5,030,974	$ 0	$ 0	$ 0
Transamerica Asset Allocation – Moderate VP	$ 4,959,524	$ 4,117,198	$ 3,485,201	$ 0	$ 0	$ 0
Transamerica Barrow Hanley Dividend Focused VP	$ 5,573,240	$ 8,950,651	$10,206,206	$ 0	$ 0	$ 0
Transamerica BlackRock Global Allocation Managed Risk - Balanced VP	N/A	N/A	N/A	N/A	N/A	N/A
Transamerica BlackRock Global Allocation Managed Risk - Growth VP	N/A	N/A	N/A	N/A	N/A	N/A

Fund Name	Net Advisory Fees			Advisory Fees Waived/Expenses Reimbursed		
	2013	2012	2011	2013	2012	2011
Transamerica BlackRock Global Allocation VP	$ 0	$ 0	$ 0	$ 625,395	$574,572	$ 0
Transamerica BlackRock Tactical Allocation VP	$ 968,168	$ 575,442	$ 298,898	$ 0	$ 0	$ 0
Transamerica Clarion Global Real Estate Securities VP	$ 3,382,004	$ 2,808,530	$ 3,673,993	$ 0	$ 0	$ 0
Transamerica International Moderate Growth VP	$ 565,173	$ 487,202	$ 508,434	$ 0	$ 0	$ 0
Transamerica Janus Balanced VP	$ 1,100,074	$ 509,422	$ 484,139	$ 0	$ 0	$ 0
Transamerica Jennison Growth VP	$ 6,895,802	$ 6,956,566	$ 9,472,864	$ 24,102	$ 0	$ 0
Transamerica JPMorgan Core Bond VP	$ 1,919,927	$ 1,607,007	$ 997,376	$ 0	$ 0	$ 0
Transamerica JPMorgan Enhanced Index VP	$ 1,774,534	$ 940,060	$ 756,232	$ 0	$ 76	$ 18,354
Transamerica JPMorgan Mid Cap Value VP	$ 7,062,514	$ 2,956,413	$ 1,899,316	$ 0	$ 0	$ 0
Transamerica JPMorgan Tactical Allocation VP	$ 3,970,930	$ 2,348,793	$ 1,496,278	$ 0	$ 0	$ 0
Transamerica Legg Mason Dynamic Allocation – Balanced VP	$ 1,263,743	$ 115,534	N/A	$ 0	$ 0	N/A
Transamerica Legg Mason Dynamic Allocation – Growth VP	$ 498,191	$ 21,493	N/A	$ 0	$ 17,543	N/A
Transamerica Madison Balanced Allocation VP	$ 66,114	$ 25,143	$ 0	$ 0	$ 4,883	$ 18,306
Transamerica Madison Conservative Allocation VP	$ 74,340	$ 26,474	$ 0	$ 0	$ 3,720	$ 18,316
Transamerica Madison Diversified Income VP	$ 518,396	$ 209,987	$ 5,458	$ 0	$ 0	$ 19,227
Transamerica Market Participation Strategy VP	$ 540,466	$ 0	N/A	$ 0	$ 20,026	N/A
Transamerica MFS International Equity VP	$ 2,405,093	$ 1,775,103	$ 1,824,220	$ 0	$ 0	$ 0
Transamerica Morgan Stanley Capital Growth VP	$ 1,570,684	$ 1,395,619	$ 1,485,747	$ 0	$ 24,865	$ 15,988
Transamerica Morgan Stanley Mid-Cap Growth VP	$ 6,650,127	$ 6,055,734	$ 4,664,367	$ 0	$ 0	$ 0
Transamerica Multi-Managed Balanced VP	$ 3,801,923	$ 3,471,042	$ 3,265,693	$ 0	$ 0	$ 0
Transamerica Multi-Manager Alternative Strategies VP	$ (20,284)	N/A	N/A	$ 20,329	N/A	N/A
Transamerica PIMCO Tactical – Balanced VP	$ 1,432,490	$ 560,669	$ 688,958	$ 0	$ 14,767	$ 0
Transamerica PIMCO Tactical – Conservative VP	$ 596,801	$ 397,315	$ 455,316	$ 35,148	$ 23,859	$ 2,197
Transamerica PIMCO Tactical – Growth VP	$ 603,678	$ 357,941	$ 460,416	$ 39,023	$ 32,606	$ 3,782
Transamerica PIMCO Total Return VP	$15,588,282	$18,365,487	$16,147,450	$ 0	$ 0	$ 0
Transamerica PineBridge Inflation Opportunities VP	$ 1,216,597	$ 828,030	$ 170,778	$ 0	$ 0	$ 4,925
Transamerica ProFund UltraBear VP	$ 309,496	$ 896,522	$ 540,105	$ 12,648	$ 0	$ 0
Transamerica Systematic Small/Mid Cap Value VP	$ 5,382,086	$ 2,448,049	$ 2,545,520	$ 0	$ 0	$ 28,412
Transamerica T. Rowe Price Small Cap VP	$ 3,428,211	$ 1,757,445	$ 1,633,063	$ 0	$ 0	$ 0
Transamerica Torray Concentrated Growth VP	$ 1,730,053	$ 1,657,336	$ 1,675,987	$ 0	$ 2,190	$ 0
Transamerica TS&W International Equity VP	$ 1,041,995	$ 1,065,068	$ 1,606,011	$ 0	$ 28,764	$ 0
Transamerica Vanguard ETF Portfolio – Balanced VP	$ 5,799,195	$ 3,091,813	$ 447,252	$ 0	$ 0	$ 0
Transamerica Vanguard ETF Portfolio – Conservative VP	$ 1,459,489	$ 944,818	$ 1,577,120	$ 0	$ 0	$ 7,275
Transamerica Vanguard ETF Portfolio – Growth VP	$ 4,643,101	$ 2,858,916	$ 2,334,262	$ 0	$ 0	$ 0
Transamerica Voya Balanced Allocation VP	$ 358	N/A	N/A	$ 1,818	N/A	N/A
Transamerica Voya Conservative Allocation VP	$ (16,294)	N/A	N/A	$ 16,675	N/A	N/A
Transamerica Voya Intermediate Bond VP	$ 161,397	N/A	N/A	$ 0	N/A	N/A
Transamerica Voya Large Cap Growth VP	$ 287,593	N/A	N/A	$ 0	N/A	N/A
Transamerica Voya Limited Maturity Bond VP	$ 334,009	N/A	N/A	$ 0	N/A	N/A
Transamerica Voya Mid Cap Opportunities VP	$ 753,462	N/A	N/A	$ 0	N/A	N/A
Transamerica Voya Moderate Growth Allocation VP	$ (10,675)	N/A	N/A	$ 11,712	N/A	N/A
Transamerica WMC US Growth VP	$17,439,449	$17,531,721	$13,840,379	$ 0	$ 0	$ 0

Fund Name	Net Advisory Fees			Advisory Fees Waived/Expenses Reimbursed		
	2013	2012	2011	2013	2012	2011
Transamerica WMC US Growth II VP	$ (39,220)	$ 0	$ 0	$ 76,703	$ 82,205	$ 71,859

Organization and Management of the Subsidiary (Transamerica BlackRock Global Allocation VP)

As discussed in "Other Investment Policies and Practices of the Portfolios" above, Transamerica BlackRock Global Allocation VP may invest up to 25% of its total assets in its Subsidiary. The Subsidiary is a company organized under the laws of the Cayman Islands, whose registered office is located at the offices of Maples Corporate Services Limited, Cayman Islands. The Subsidiary's affairs are overseen by a board consisting of one director, Marijn P. Smit. Mr. Smit is also a trustee and his biography is listed above.

The Subsidiary has entered into a separate investment advisory agreement with TAM, and TAM has entered into a sub-advisory agreement with the applicable sub-adviser. Each advisory and sub-advisory agreement will continue in effect for two years, and thereafter shall continue in effect from year to year provided such continuance is specifically approved at least annually (i) by the Trustees of the portfolio or by a majority of the outstanding voting securities of the portfolio (as defined in the 1940 Act), and (ii) in either event, by a majority of the Independent Trustees of the portfolio, with such Independent Trustees casting votes in person at a meeting called for such purpose. The Trustees' approval of and the terms, continuance and termination of the advisory and sub-advisory agreements are governed by the 1940 Act.

Under its investment advisory agreement, the Subsidiary will pay an advisory fee to TAM with respect to the assets invested in the Subsidiary that is the same, as a percentage of net assets, as the advisory fee paid by its parent fund. Under the sub-advisory agreement, TAM will pay the sub-adviser a sub-advisory fee with respect to the assets invested in the Subsidiary that is the same, as a percentage of net assets, as the sub-advisory fee paid by TAM with respect to the parent fund. TAM has contractually agreed to waive its advisory fee with respect to the portfolio in an amount equal to the advisory fee paid by the Subsidiary.

Conflicts of Interest

TAM and its affiliates, directors, officers, employees and personnel (collectively, for purposes of this section, "Transamerica"), including the entities and personnel who may be involved in the management, operations or distribution of the portfolios are engaged in a variety of businesses and have interests other than that of managing the portfolios. The broad range of activities and interests of Transamerica gives rise to actual, potential and perceived conflicts of interest that could affect the portfolios and their shareholders.

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

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

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

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

The portfolios are offered as investment options through variable insurance contracts offered and sold by Transamerica insurance companies. TAM also acts as an investment adviser with respect to an asset allocation program offered for use in certain variable insurance contracts issued by Transamerica insurance companies. The performance of the portfolios and/or asset allocation models may impact Transamerica's financial exposure under guarantees that the Transamerica insurance companies provide as issuers of the variable insurance contracts. TAM's investment decisions and the design of the portfolios and asset allocation models may be influenced by these factors. For example, the portfolios or the models being managed or designed in a more conservative fashion may help reduce potential losses and/or mitigate financial risks to the Transamerica insurance companies that provide the guarantees, and facilitate the provision of those guaranteed benefits, including by making more predictable the costs of the guarantees and by reducing the capital needed to provide them. In addition, certain asset allocation models may include portfolios as investment options, and Transamerica will receive more revenue if TAM selects such portfolios to be included in the models.

TAM serves as investment adviser to certain funds of funds that invest in affiliated underlying funds, unaffiliated underlying funds, or a combination of both, including certain of the portfolios, and TAM is subject to conflicts of interest in allocating the funds of fund's assets among the underlying funds. These portfolios are underlying investment options for Transamerica insurance products. TAM will receive more revenue when it selects an affiliated fund rather than an unaffiliated fund for inclusion in a fund of funds. This conflict may provide an incentive for TAM to include affiliated funds as investment options for funds of funds and to cause investments by funds of funds in affiliated funds that perform less well than unaffiliated funds. The inclusion of affiliated funds will also permit TAM and/or the sub-adviser to make increased revenue sharing payments, including to Transamerica.

The affiliates of certain underlying funds, including those advised by the sub-adviser to the investing portfolio, may make revenue sharing payments to Transamerica. These payments may be based on the amount of portfolio assets invested in an underlying fund. Such payments are generally made in exchange for distribution services provided to the fund of funds, but may also be compensation for services provided to investors. In addition, TAM may have an incentive to allocate the fund of funds' assets to those underlying funds for which the net advisory fees payable to TAM are higher than the fees payable by other underlying funds or to those underlying funds for which an affiliate of TAM serves as the sub-adviser.

TAM may have a financial incentive to implement certain changes to the portfolios or Other Accounts. TAM may, from time to time, recommend a change in sub-adviser or a fund combination. Transamerica will benefit to the extent that an affiliated sub-adviser replaces an unaffiliated sub-adviser or additional assets are combined into a portfolio or Other Account having a higher net advisory fee payable to TAM and/or that is sub-advised by an affiliate of TAM. TAM will also benefit to the extent that it replaces a sub-adviser with a new sub-adviser with a lower sub-advisory fee.

TAM has a fiduciary duty to act in the best interests of a portfolio and its shareholders when recommending to the Board the appointment of or continued service of an affiliated sub-adviser for a portfolio or a portfolio combination. Moreover, TAM's "manager of managers" exemptive order from the SEC requires portfolio shareholder approval of any sub-advisory agreement appointing an affiliated sub-adviser as the sub-adviser to a portfolio (in the case of a new fund, the initial sole shareholder of the fund, typically an affiliate of Transamerica, may provide this approval).

Sub-Advisers

Each sub-adviser listed below serves, pursuant to a respective Sub-Advisory Agreement between TAM and such respective sub-adviser, on behalf of each portfolio. Pursuant to the Sub-Advisory Agreements, each sub-adviser carries out and effectuates the investment strategy designed for the portfolios by TAM. Subject to review by the Investment Adviser and the Board of Trustees, the sub-advisers are responsible for the day-to-day management of the portfolio(s) the Investment Adviser assigns to them and for making decisions to buy, sell or hold a particular security. Each sub-adviser bears all of its expenses in connection with the performance of its services under its Sub-Advisory Agreement such as compensating its officers and employees connected with investment and economic research, trading and investment management of the respective portfolio(s) and furnishing them office space.

Each sub-advisory agreement will terminate, unless sooner terminated as set forth therein, two years from its effective date, and will continue in effect from year to year thereafter, if continuance is specifically approved at least annually by (i) the vote of a majority of the Board Members who are not parties thereto or interested persons of any party thereto, cast in person at a meeting called for the purpose of voting on the approval of the terms of renewal, and by (ii) either the Board or the affirmative vote of a majority of the outstanding voting securities of the particular portfolio.

Each of the sub-advisers also serves as investment adviser or sub-adviser to other funds and/or private accounts that may have investment objectives identical or similar to those of the portfolios. Securities frequently meet the investment objectives of one or all of these portfolios, the other funds and the private accounts. In such cases, a sub-adviser's decision to recommend a purchase to one fund or account rather than another is based on a number of factors as set forth in the sub-advisers' allocation procedures. The determining factors in most cases are the amounts available for investment by each fund or account, the amount of securities of the issuer then outstanding, the value of those securities and the market for them. Another factor considered in the investment recommendations is other investments which each fund or account presently has in a particular industry.

It is possible that at times identical securities will be held by more than one fund or account. However, positions in the same issue may vary and the length of time that any fund or account may choose to hold its investment in the same issue may likewise vary. To the extent that more than one of the funds or private accounts served by a sub-adviser seeks to acquire or sell the same security at about the same time, either the price obtained by the funds or the amount of securities that may be purchased or sold by a fund at one time may be adversely affected. On the other hand, if the same securities are bought or sold at the same time by more than one fund or account, the resulting participation in volume transactions could produce better executions for the funds. In the event more than one fund or account purchases or sells the same security on a given date, the purchase and sale transactions are allocated among the portfolio(s), the other funds and the private accounts in a manner believed by the sub-advisers to be equitable to each.

Each sub-adviser is a registered investment adviser under the Investment Advisers Act of 1940.

Aegon USA Investment Management, LLC, located at 4333 Edgewood Road NE, Cedar Rapids, IA 52499, is a registered investment adviser. Aegon USA Investment Management, LLC is a wholly owned, indirect subsidiary of Aegon NV, a Netherlands corporation and publicly traded international insurance group, and is an affiliate of TAM. Aegon USA Investment Management, LLC is also an affiliate of Transamerica Aegon Active Asset Allocation – Conservative VP, Transamerica Aegon Active Asset Allocation – Moderate Growth VP, Transamerica Asset Active Asset Allocation – Moderate VP, Transamerica Aegon High Yield Bond VP, Transamerica Aegon Money Market VP, Transamerica Aegon U.S. Government Securities VP, Transamerica Asset Allocation – Conservative VP, Transamerica Asset Allocation – Growth VP, Transamerica Asset Allocation – Moderate Growth VP, Transamerica Asset Allocation – Moderate VP, Transamerica International Moderate Growth VP, Transamerica Vanguard ETF Portfolio – Balanced VP, Transamerica Vanguard ETF Portfolio – Conservative VP, Transamerica Vanguard ETF Portfolio – Growth VP, Transamerica Voya Balanced Allocation VP, Transamerica Voya Conservative Allocation VP, and Transamerica Voya Moderate Growth Allocation VP.

TAM, not the portfolios, pays the sub-advisers for their services.

Each sub-adviser receives monthly compensation from TAM at the annual rate of a specified percentage, indicated below, of a portfolio's average daily net assets:

Portfolio	Sub-Adviser	Sub-Advisory Fee
Transamerica Aegon Active Asset Allocation – Conservative VP	Aegon USA Investment Management, LLC	0.15% of the first $50 million 0.13% over $50 million up to $250 million 0.11% in excess of $250 million
Transamerica Aegon Active Asset Allocation – Moderate Growth VP	Aegon USA Investment Management, LLC	0.15% of the first $50 million 0.13% over $50 million up to $250 million 0.11% in excess of $250 million
Transamerica Aegon Active Asset Allocation – Moderate VP	Aegon USA Investment Management, LLC	0.15% of the first $50 million 0.13% over $50 million up to $250 million 0.11% in excess of $250 million
Transamerica Aegon High Yield Bond VP	Aegon USA Investment Management, LLC(14)	0.35% of the first $20 million 0.25% over $20 million up to $40 million 0.20% over $40 million up to $125 million 0.15% in excess of $125 million
Transamerica Aegon Money Market VP	Aegon USA Investment Management, LLC(15)	0.15%
Transamerica Aegon U.S. Government Securities VP	Aegon USA Investment Management, LLC	0.15%
Transamerica AllianceBernstein Dynamic Allocation VP	AllianceBernstein L.P.	0.40% of the first $100 million 0.35% over $100 million up to $200 million 0.30% in excess of $200 million
Transamerica Asset Allocation – Conservative VP	Aegon USA Investment Management, LLC(16)	0.08% of the first $10 billion 0.075% in excess of $10 billion
Transamerica Asset Allocation – Growth VP	Aegon USA Investment Management, LLC(16)	0.08% of the first $10 billion 0.075% in excess of $10 billion
Transamerica Asset Allocation – Moderate Growth VP	Aegon USA Investment Management, LLC(16)	0.08% of the first $10 billion 0.075% in excess of $10 billion
Transamerica Asset Allocation – Moderate VP	Aegon USA Investment Management, LLC(16)	0.08% of the first $10 billion 0.075% in excess of $10 billion
Transamerica Barrow Hanley Dividend Focused VP	Barrow, Hanley, Mewhinney & Strauss, LLC(11)	0.30% of the first $200 million 0.20% over $200 million up to $500 million 0.15% in excess of $500 million

Portfolio	Sub-Adviser	Sub-Advisory Fee
Transamerica BlackRock Global Allocation Managed Risk - Balanced VP	Milliman Financial Risk Management LLC[19]	0.15% of the first $10 billion 0.10% in excess of $10 billion
Transamerica BlackRock Global Allocation Managed Risk - Growth VP	Milliman Financial Risk Management LLC[19]	0.15% of the first $10 billion 0.10% in excess of $10 billion
Transamerica BlackRock Global Allocation VP	BlackRock Investment Management, LLC	0.44% of the first $100 million 0.32% in excess of $100 million
Transamerica BlackRock Tactical Allocation VP	BlackRock Financial Management, Inc.	0.10% of the first $1 billion 0.08% in excess of $1 billion
Transamerica Clarion Global Real Estate Securities VP	CBRE Clarion Securities LLC[9]	0.40% of the first $250 million 0.375% over $250 million up to $500 0.35% over $500 million up to $1 billion 0.30% in excess of $1 billion
Transamerica International Moderate Growth VP	Aegon USA Investment Management, LLC[16]	0.08% of the first $10 billion 0.075% in excess of $10 billion
Transamerica Janus Balanced VP	Janus Capital Management LLC	0.325% of the first $1 billion 0.30% in excess of $1 billion
Transamerica Jennison Growth VP	Jennison Associates LLC[2]	0.40% of the first $300 million 0.35% over $300 million up to $500 million 0.25% over $500 million up to $1 billion 0.22% in excess of $1 billion
Transamerica JPMorgan Core Bond VP	J.P. Morgan Investment Management Inc.[1]	0.15% of the first $1.5 billion 0.12% in excess of $1.5 billion
Transamerica JPMorgan Enhanced Index VP	J.P. Morgan Investment Management Inc.[5]	0.25%
Transamerica JPMorgan Mid Cap Value VP	J.P. Morgan Investment Management Inc.	0.40%
Transamerica JPMorgan Tactical Allocation VP	J.P. Morgan Investment Management Inc.	0.336% of the first $150 million 0.306% over $150 million up to $500 million 0.29% in excess of $500 million
Transamerica Legg Mason Dynamic Allocation – Balanced VP	QS Legg Mason Global Asset Allocation, LLC[8]	0.20% of the first $100 million 0.18% over $100 million up to $350 million 0.16% over $350 million up to $750 million 0.14% over $750 million up to $1.5 billion 0.12% in excess of $1.5 billion
Transamerica Legg Mason Dynamic Allocation – Growth VP	QS Legg Mason Global Asset Allocation, LLC[8]	0.20% of the first $100 million 0.18% over $100 million up to $350 million 0.16% over $350 million up to $750 million 0.14% over $750 million up to $1.5 billion 0.12% over $1.5 billion
Transamerica Madison Balanced Allocation VP	Madison Asset Management, LLC	0.10%
Transamerica Madison Conservative Allocation VP	Madison Asset Management, LLC	0.10%
Transamerica Madison Diversified Income VP	Madison Asset Management, LLC	0.30%
Transamerica Market Participation Strategy VP	Quantitative Management Associates LLC	0.25% of the first $250 million 0.23% over $250 million up to $750 million 0.21% over $750 million up to $1 billion 0.19% in excess of $1 billion
Transamerica MFS International Equity VP	MFS® Investment Management[1]	0.45% of the first $250 million 0.425% over $250 million up to $500 million 0.40% over $500 million up to $1 billion 0.375% in excess of $1 billion
Transamerica Morgan Stanley Capital Growth VP	Morgan Stanley Investment Management Inc.[3]	0.30%
Transamerica Morgan Stanley Mid-Cap Growth VP	Morgan Stanley Investment Management Inc.[4]	0.40% of first $1 billion 0.375% in excess of $1 billion

Portfolio	Sub-Adviser	Sub-Advisory Fee
Transamerica Multi-Managed Balanced VP	J.P. Morgan Investment Management Inc.[5]	0.25%
	Aegon USA Investment Management, LLC[17]	0.12% of the first $1 billion 0.05% in excess of $1 billion
Transamerica Multi-Manager Alternative Strategies VP	Aegon USA Investment Management, LLC[1]	0.20% of the first $500 million 0.19% over $500 million up to $600 million 0.18% over $600 million up to $1 billion 0.17% over $1 billion up to $2 billion 0.16% in excess of $2 billion
Transamerica PIMCO Tactical - Balanced VP	Pacific Investment Management Company LLC[10]	0.36% of the first $750 million 0.35% over $750 million up to $1.5 billion 0.32% in excess of $1.5 billion
Transamerica PIMCO Tactical - Conservative VP	Pacific Investment Management Company LLC[10]	0.36% of the first $750 million 0.35% over $750 million up to $1.5 billion 0.32% in excess of $1.5 billion
Transamerica PIMCO Tactical - Growth VP	Pacific Investment Management Company LLC[10]	0.36% of the first $750 million 0.35% over $750 million up to $1.5 billion 0.32% in excess of $1.5 billion
Transamerica PIMCO Total Return VP	Pacific Investment Management Company LLC[6]	0.25% of the first $1 billion 0.225% in excess of $1 billion (Only when PIMCO sub-advised assets exceed $3 billion on an aggregate basis)
Transamerica PineBridge Inflation Opportunities VP	PineBridge Investments, LLC[20]	0.28% of the first $50 million 0.25% over $50 million up to $100 million 0.19% over $100 million up to $200 million 0.175% over $200 million up to $500 million 0.15% in excess of $500 million
Transamerica ProFund UltraBear VP	ProFund Advisors LLC	0.40% of first $250 million 0.35% over $250 million up to $750 million 0.30% in excess of $750 million
Transamerica Systematic Small/Mid Cap Value VP	Systematic Financial Management, L.P.[1]	0.45% of the first $100 million 0.40% over $100 million up to $350 million 0.35% over $350 million up to $1 billion 0.30% in excess of $1 billion
Transamerica T. Rowe Price Small Cap VP	T. Rowe Price Associates, Inc.	0.35%
Transamerica Torray Concentrated Growth VP	Torray LLC[12]	0.25% of the first $150 million 0.22% over $150 million up to $650 million 0.20% over $650 million up to $1.15 billion 0.175% in excess of $1.15 billion
Transamerica TS&W International Equity VP	Thompson, Siegel & Walmsley LLC[18]	0.30% of the first $1 billion 0.28% over $1 billion up to $2 billion 0.265% in excess of $2 billion
Transamerica Vanguard ETF Portfolio - Balanced VP	Aegon USA Investment Management, LLC	0.12% of the first $50 million 0.10% over $50 million up to $250 million 0.08% in excess of $250 million
Transamerica Vanguard ETF Portfolio - Conservative VP	Aegon USA Investment Management, LLC	0.12% of the first $50 million 0.10% over $50 million up to $250 million 0.08% in excess of $250 million
Transamerica Vanguard ETF Portfolio – Growth VP	Aegon USA Investment Management, LLC	0.12% of the first $50 million 0.10% over $50 million up to $250 million 0.08% in excess of $250 million
Transamerica Voya Balanced Allocation VP	Aegon USA Investment Management, LLC[16]	0.08% of the first $10 billion 0.075% in excess of $10 billion
Transamerica Voya Conservative Allocation VP	Aegon USA Investment Management, LLC[16]	0.08% of the first $10 billion 0.075% in excess of $10 billion
Transamerica Voya Intermediate Bond VP	Voya Investment Management Co. LLC[13]	0.20% of the first $250 million 0.15% in excess of $250 million

Portfolio	Sub-Adviser	Sub-Advisory Fee
Transamerica Voya Large Cap Growth VP	Voya Investment Management Co. LLC(13)	0.40% of the first $250 million 0.35% in excess of $250 million
Transamerica Voya Limited Maturity Bond VP	Voya Investment Management Co. LLC(13)	0.15% of the first $250 million 0.125% in excess of $250 million
Transamerica Voya Mid Cap Opportunities VP	Voya Investment Management Co. LLC(13)	0.45% of the first $100 million 0.425% in excess of $100 million
Transamerica Voya Moderate Growth Allocation VP	Aegon USA Investment Management, LLC(16)	0.08% of the first $10 billion 0.075% in excess of $10 billion
Transamerica WMC US Growth VP	Wellington Management Company, LLP(7)	0.25% of the first $150 million 0.22% over $150 million up to $650 million 0.20% over $650 million up to $1.15 billion 0.175% in excess of $1.15 billion
Transamerica WMC US Growth II VP	Wellington Management Company, LLP(7)	0.25% of the first $150 million 0.22% over $150 million up to $650 million 0.20% over $650 million up to $1.15 billion 0.175% in excess of $1.15 billion

(1) The average daily net assets for the purpose of calculating sub-advisory fees will be determined on the basis of the combined assets of the fund with a similar name and strategy managed by the sub-adviser for Transamerica Funds.

(2) The average daily net assets for the purpose of calculating sub-advisory fees will be determined on the basis of the combined assets of Transamerica Growth, Transamerica Jennison Growth VP and the portion of the assets of Transamerica Partners Large Growth Portfolio.

(3) The average daily net assets for the purpose of calculating sub-advisory fees will be determined on the basis of the combined assets of Transamerica Capital Growth and Transamerica Morgan Stanley Capital Growth VP.

(4) The average daily net assets for the purpose of calculating sub-advisory fees will be determined on the basis of the combined assets of Transamerica Growth Opportunities and Transamerica Morgan Stanley Mid-Cap Growth VP.

(5) The average daily net assets for the purpose of calculating sub-advisory fees will be determined on the basis of the combined assets of the portions of the assets of Transamerica Multi-Managed Balanced, Transamerica Multi-Managed Balanced VP, Transamerica JPMorgan Enhanced Index VP and Transamerica Partners Balanced Portfolio.

(6) For the purpose of determining the $3 billion aggregate assets, the average daily net assets will be determined on the basis of the combined assets of Transamerica Total Return and Transamerica PIMCO Total Return VP.

(7) The average daily net assets for the purpose of calculating sub-advisory fees will be determined on the basis of the combined assets of Transamerica US Growth, Transamerica WMC US Growth VP, Transamerica WMC US Growth II VP and the portion of the assets of Transamerica Partners Large Growth Portfolio that are sub-advised by Wellington Management Company, LLP.

(8) The average daily net assets for the purpose of calculating sub-advisory fees will be determined on the basis of the combined assets of Transamerica Legg Mason Dynamic Allocation – Balanced VP and Transamerica Legg Mason Dynamic Allocation – Growth VP.

(9) The average daily net assets for the purpose of calculating sub-advisory fees will be determined on the basis of the combined assets of Transamerica Clarion Global Real Estate Securities VP and Transamerica Global Real Estate Securities.

(10) The average daily net assets for the purpose of calculating sub-advisory fees will be determined on the basis of the combined assets of Transamerica PIMCO Tactical - Balanced VP, Transamerica PIMCO Tactical - Conservative VP and Transamerica PIMCO Tactical - Growth VP.

(11) The average daily net assets for the purpose of calculating sub-advisory fees will be determined on the basis of the combined assets of Transamerica Dividend Focused and Transamerica Barrow Hanley Dividend Focused VP.

(12) The average daily net assets for the purpose of calculating sub-advisory fees will be determined on the basis of the combined assets of Transamerica Concentrated Growth and Transamerica Torray Concentrated Growth VP.

(13) Subadvisory fees are subject to a preferred provider discount. The discount is calculated based on the combined assets of the Voya managed funds as follows: Aggregate assets between $1 billion up to $2 billion – 7.5%; Aggregate assets between $2 billion up to $4 billion – 12.5%; Aggregate assets greater than $4 billion – 20%.

(14) The average daily net assets for the purpose of calculating sub-advisory fees will be determined on the basis of the combined assets of Transamerica High Yield Bond, Transamerica Aegon High Yield Bond VP and Transamerica Partners High Yield Bond Portfolio.

(15) The sub-advisor has voluntarily agreed to waive the sub-advisory fee to 0.04% of the funds average daily net assets.

(16) The average daily net assets for the purpose of calculating sub-advisory fees will be determined on the basis of the combined assets of Transamerica Asset Allocation - Conservative VP, Transamerica Asset Allocation – Growth VP, Transamerica Asset Allocation - Moderate Growth VP, Transamerica Asset Allocation - Moderate VP, Transamerica International Moderate Growth VP, Transamerica Voya Balanced Allocation VP, Transamerica Voya Conservative Allocation VP, and Transamerica Voya Moderate Growth Allocation VP.

(17) The average daily net assets for the purpose of calculating sub-advisory fees will be determined on the basis of the combined assets of Transamerica Multi-Managed Balanced, Transamerica Multi-Managed Balanced VP and Transamerica Partners Balanced Portfolio.

(18) The average daily net assets for the purpose of calculating sub-advisory fees will be determined on a combined basis with Transamerica International Equity, Transamerica TS&W International Equity VP and Transamerica Partners International Equity Portfolio.

(19) The average daily net assets for the purpose of calculating sub-advisory fees will be determined on the basis of the combined assets of Transamerica BlackRock Global Allocation Managed Risk – Balanced VP and Transamerica BlackRock Global Allocation Managed Risk – Growth VP.

(20) The average daily net assets for the purpose of calculating sub-advisory fees will be determined on the basis of the combined assets of Transamerica Inflation Opportunities and Transamerica PineBridge Inflation Opportunities VP.

Sub-Advisory Fees Paid

The following table sets forth the total amounts of sub-advisory fee paid by TAM to each sub-adviser for the last three fiscal years.

"N/A" in the table below indicates that the portfolio was not in operation or did not have a sub-adviser during the relevant fiscal year and, accordingly, no sub-advisory fees are shown.

Fund Name	Sub-Advisory Fees Paid 2013	2012	2011
Transamerica Aegon Active Asset Allocation – Conservative VP	$ 413,414	$ 252,825	$ 26,614
Transamerica Aegon Active Asset Allocation – Moderate Growth VP	$ 454,719	$ 232,429	$ 17,859
Transamerica Aegon Active Asset Allocation – Moderate VP	$ 726,378	$ 208,745	$ 10,931
Transamerica Aegon High Yield Bond VP	$ 720,344	$ 641,484	$ 541,798
Transamerica Aegon Money Market VP	$ 360,950	$ 840,707	$ 808,593
Transamerica Aegon U.S. Government Securities VP	$1,184,819	$1,432,929	$1,018,511
Transamerica AllianceBernstein Dynamic Allocation VP	$1,239,594	$1,082,020	$ 666,502
Transamerica Asset Allocation – Conservative VP	N/A	N/A	N/A
Transamerica Asset Allocation – Growth VP	N/A	N/A	N/A
Transamerica Asset Allocation – Moderate Growth VP	N/A	N/A	N/A
Transamerica Asset Allocation – Moderate VP	N/A	N/A	N/A
Transamerica Barrow Hanley Dividend Focused VP	$ 958,350	$3,476,297	$3,962,872
Transamerica BlackRock Global Allocation Managed Risk - Balanced VP	N/A	N/A	N/A
Transamerica BlackRock Global Allocation Managed Risk - Growth VP	N/A	N/A	N/A
Transamerica BlackRock Global Allocation VP	$ 0	$ 0	$ 0
Transamerica BlackRock Tactical Allocation VP	$ 968,169	$ 575,443	$ 298,901
Transamerica Clarion Global Real Estate Securities VP	$1,641,370	$1,383,621	$1,813,501
Transamerica Intermediate Growth VP	N/A	N/A	N/A
Transamerica Janus Balanced VP	$ 489,759	$ 226,798	$ 201,063
Transamerica Jennison Growth VP	$2,623,445	$2,697,968	$3,648,849
Transamerica JPMorgan Core Bond VP	$ 703,764	$ 652,442	$ 443,283
Transamerica JPMorgan Enhanced Index VP	$ 599,506	$ 317,614	$ 274,810
Transamerica JPMorgan Mid Cap Value VP	$3,506,257	$1,453,206	$ 924,664
Transamerica JPMorgan Tactical Allocation VP	$1,523,275	$ 866,787	$ 576,030
Transamerica Legg Mason Dynamic Allocation – Balanced VP	$ 401,254	$ 39,839	N/A
Transamerica Legg Mason Dynamic Allocation – Growth VP	$ 152,514	$ 13,013	N/A
Transamerica Madison Balanced Allocation VP	$ 44,076	$ 20,016	$ 2,672
Transamerica Madison Conservative Allocation VP	$ 49,561	$ 20,130	$ 2,539
Transamerica Madison Diversified Income VP	$ 207,358	$ 83,995	$ 9,874
Transamerica Market Participation Strategy VP	$ 207,870	$ 6,200	N/A
Transamerica MFS International Equity VP	$1,167,325	$ 865,237	$ 867,382
Transamerica Morgan Stanley Capital Growth VP	$ 589,007	$ 532,682	$ 609,177
Transamerica Morgan Stanley Mid-Cap Growth VP	$3,254,688	$2,976,756	$2,291,559
Transamerica Multi-Managed Balanced VP	$1,067,588	$ 923,013	$ 998,230
Transamerica PIMCO Tactical – Balanced VP	$ 661,525	$ 282,142	$ 344,482
Transamerica PIMCO Tactical – Conservative VP	$ 299,345	$ 207,924	$ 228,758
Transamerica PIMCO Tactical – Growth VP	$ 292,877	$ 190,981	$ 232,100
Transamerica PIMCO Total Return VP	$5,869,048	$6,922,959	$6,093,637
Transamerica PineBridge Inflation Opportunities VP	$ 434,398	$ 280,985	$ 62,499
Transamerica ProFund UltraBear VP	$ 151,597	$ 421,892	$ 254,172
Transamerica Systematic Small/Mid Cap Value VP	$2,365,974	$1,141,376	$1,196,191
Transamerica T. Rowe Price Small Cap VP	$1,599,832	$ 820,143	$ 762,101
Transamerica Torray Concentrated Growth VP	$ 448,531	$ 663,810	$ 670,399
Transamerica TS&W International Equity VP	$ 321,388	$ 579,088	$ 850,246
Transamerica Vanguard ETF Portfolio – Balanced VP	$1,699,770	$ 926,232	$ 495,547
Transamerica Vanguard ETF Portfolio – Conservative VP	$ 459,856	$ 312,617	$ 155,751
Transamerica Vanguard ETF Portfolio – Growth VP	$1,369,459	$ 859,691	$ 709,795
Transamerica Voya Balanced Allocation VP	N/A	N/A	N/A

Fund Name	Sub-Advisory Fees Paid 2013	2012	2011
Transamerica Voya Conservative Allocation VP	N/A	N/A	N/A
Transamerica Voya Intermediate Bond VP	$ 64,560	N/A	N/A
Transamerica Voya Large Cap Growth VP	$ 143,796	N/A	N/A
Transamerica Voya Limited Maturity Bond VP	$ 100,203	N/A	N/A
Transamerica Voya Mid Cap Opportunities VP	$ 404,346	N/A	N/A
Transamerica Voya Moderate Growth Allocation VP	N/A	N/A	N/A
Transamerica WMC US Growth VP	$6,477,514	$6,509,291	$5,081,173
Transamerica WMC US Growth II VP	$ 32,949	$ 37,317	$ 36,799

Prior to April 17, 2012, Morningstar Associates LLC served as the portfolio construction manager for Transamerica Asset Allocation – Conservative VP, Transamerica Asset Allocation – Growth VP, Transamerica Asset Allocation – Moderate Growth VP, Transamerica Asset Allocation – Moderate VP and Transamerica International Moderate Growth VP. For the period ended April 16, 2012 and for the fiscal year ended December 31, 2011, TAM paid Morningstar Associates LLC the following amounts:

Portfolio Name	December 31 2012	2011
Transamerica Asset Allocation – Conservative VP	$ 505,037	$1,613,075
Transamerica Asset Allocation – Growth VP	$ 293,883	$1,035,728
Transamerica Asset Allocation – Moderate Growth VP	$1,446,074	$5,021,169
Transamerica Asset Allocation – Moderate VP	$1,163,669	$3,478,698
Transamerica International Moderate Growth VP	$ 144,671	$ 507,437

The Sub Sub-Adviser

Western Asset Management Company ("Western Asset") serves as sub sub-adviser to Transamerica Legg Mason Dynamic Allocation – Balanced VP and Transamerica Legg Mason Dynamic Allocation – Growth VP. Western Asset, located at 385 East Colorado Boulevard, Pasadena, CA 91101, is a registered investment adviser. Western Asset is a wholly owned subsidiary of Legg Mason, Inc. Western Asset serves pursuant to a Sub-Advisory Agreement dated May 1, 2012 between Western Asset and LMGAA. The agreement continues for an initial period of two years and then remains in effect from year to year if approved annually by the Trust's Board of Trustees.

Portfolio Manager Information

Information regarding other accounts for which any portfolio manager is primarily responsible for the day-to-day management, a description of any material conflict of interest that may arise in connection with the portfolio manager's management of the portfolio's investments, the structure of, and method used to determine, the compensation of each portfolio manager and the dollar range of equity securities in the portfolio beneficially owned by each portfolio manager are provided in Appendix B of this SAI.

Administrative and Transfer Agency Services

The Trust has entered into an Administrative Services Agreement ("Administration Agreement") with Transamerica Fund Services, Inc. ("TFS"), 570 Carillon Parkway, St. Petersburg, FL 33716, an affiliate of TAM.

TFS provides supervisory and administrative services to each portfolio. TFS's supervisory and administrative services include performing certain administrative services for the portfolios and supervising and overseeing the administrative, clerical, recordkeeping and bookkeeping services provided for the portfolio by State Street Bank and Trust Company ("State Street"), to whom TFS has outsourced the provision of certain services as described below; to the extent agreed upon by TFS and the portfolio from time to time, monitoring and verifying the custodian's daily calculation of net asset values; shareholder relations functions; compliance services; valuation services; assisting in due diligence and in oversight and monitoring of certain activities of sub-advisers and certain aspects of portfolio investments; assisting with portfolio combinations and liquidations; oversight of the preparation and filing, and review, of all returns and reports, in connection with federal, state and local taxes; oversight and review of regulatory reporting; supervising and coordinating the portfolio's custodian and its dividend disbursing agent and monitoring their services to the portfolio; assisting the portfolio in preparing reports to shareholders; acting as liaison with the portfolio's independent public accountants and providing, upon request, analyses, fiscal year summaries and other audit related services; assisting in the preparation of agendas and supporting documents for and minutes of meetings of Trustees and committees of Trustees; assisting in the preparation of regular communications with the Trustees; and providing personnel and office space, telephones and other office equipment as necessary in order for TFS to perform supervisory and administrative services to the portfolio. TFS pays all expenses it incurs in connection with providing these services with the exception of the costs of certain services specifically assumed by the portfolios in the Administration Agreement.

State Street performs back office services to support TFS, including furnishing financial and performance information about the portfolios for inclusion in regulatory filings and Trustee and shareholder reports; preparing drafts of regulatory filings, Trustee materials, tax returns, and reports and budgets; tax testing; and maintaining books and records. State Street's address is One Lincoln Street, Boston, MA 02111.

Under the Administrative Agreement, TFS also furnishes the Trust with transfer agency services to assist the Trust in carrying out certain of its functions and operations.

TFS has agreed to render in good faith the services specified in the Administration Agreement and is not liable for any error of judgment or mistake of law, or for any act or omission in the performance of those services, provided that nothing in the Agreement protects TFS against any liability to a portfolio to which TFS otherwise would be subject by reason of willful misfeasance, bad faith or gross negligence in the performance of its duties or by reason of its reckless disregard of its obligations and duties under the Agreement. The Administration Agreement provides that it may be terminated with respect to any portfolio at any time, without the payment of any penalty, upon 60 days' written notice to TFS, or by TFS upon 60 days' written notice to the portfolio.

The portfolios each pay 0.025% of their daily net assets to TFS for such administrative services. Transamerica Asset Allocation – Conservative VP, Transamerica Asset Allocation – Growth VP, Transamerica Asset Allocation – Moderate Growth VP, Transamerica Asset Allocation – Moderate VP, Transamerica International Moderate Growth VP and Transamerica Multi-Manager Alternative Strategies VP each pay 0.0175% of their daily net assets to TFS for such services.

TFS provides transfer agency services under the Administrative Agreement and is compensated for such services under that agreement.

The portfolios paid administrative services fees in the following amounts for the last three fiscal years:

"N/A" in the table below indicates that the portfolio was not in operation during the relevant fiscal year and, accordingly, no administrative service fees are shown."

Fund Name	Administration Fees		
	2013	2012	2011
Transamerica Aegon Active Asset Allocation – Conservative VP	$ 80,321	$ 44,349	$ 3,644
Transamerica Aegon Active Asset Allocation – Moderate Growth VP	$ 89,760	$ 40,426	$ 2,503
Transamerica Aegon Active Asset Allocation – Moderate VP	$151,450	$ 37,410	$ 1,457
Transamerica Aegon High Yield Bond VP	$ 73,631	$ 59,587	$ 42,988
Transamerica Aegon Money Market VP	$159,620	$142,850	$131,728
Transamerica Aegon U.S. Government Securities VP	$197,470	$224,126	$135,800
Transamerica AllianceBernstein Dynamic Allocation VP	$ 90,800	$ 72,904	$ 35,539
Transamerica Asset Allocation – Conservative VP	$307,714	$278,727	$202,006
Transamerica Asset Allocation – Growth VP	$184,322	$151,106	$129,725
Transamerica Asset Allocation – Moderate Growth VP	$903,447	$763,922	$628,872
Transamerica Asset Allocation – Moderate VP	$867,917	$654,981	$435,650
Transamerica Barrow Hanley Dividend Focused VP	$200,499	$273,514	$275,576
Transamerica BlackRock Global Allocation Managed Risk - Balanced VP	N/A	N/A	N/A
Transamerica BlackRock Global Allocation Managed Risk - Growth VP	N/A	N/A	N/A
Transamerica BlackRock Global Allocation VP	$312,697	$268,348	$180,242
Transamerica BlackRock Tactical Allocation VP	$243,716	$136,261	$ 59,780
Transamerica Clarion Global Real Estate Securities VP	$107,081	$ 82,583	$ 93,799
Transamerica International Moderate Growth VP	$ 98,905	$ 77,134	$ 63,554
Transamerica Janus Balanced VP	$ 37,674	$ 16,435	$ 11,572
Transamerica Jennison Growth VP	$233,830	$219,149	$270,986
Transamerica JPMorgan Core Bond VP	$106,663	$ 84,083	$ 44,328
Transamerica JPMorgan Enhanced Index VP	$ 59,951	$ 30,039	$ 20,935
Transamerica JPMorgan Mid Cap Value VP	$219,141	$ 86,733	$ 46,233
Transamerica JPMorgan Tactical Allocation VP	$142,501	$ 79,470	$ 41,532
Transamerica Legg Mason Dynamic Allocation – Balanced VP	$ 54,493	$ 4,980	N/A
Transamerica Legg Mason Dynamic Allocation – Growth VP	$ 20,758	$ 1,626	N/A
Transamerica Madison Balanced Allocation VP	$ 11,019	$ 4,774	$ 534
Transamerica Madison Conservative Allocation VP	$ 12,390	$ 4,842	$ 508
Transamerica Madison Diversified Income VP	$ 17,280	$ 6,716	$ 658
Transamerica Market Participation Strategy VP	$ 20,787	$ 620	N/A

Fund Name	Administration Fees		
	2013	2012	2011
Transamerica MFS International Equity VP	$ 66,978	$ 46,019	$ 40,538
Transamerica Morgan Stanley Capital Growth VP	$ 49,084	$ 41,316	$ 37,543
Transamerica Morgan Stanley Mid-Cap Growth VP	$207,816	$175,947	$116,609
Transamerica Multi-Managed Balanced VP	$133,468	$108,257	$ 87,085
Transamerica Multi-Manager Alternative Strategies VP	$ 4	N/A	N/A
Transamerica PIMCO Tactical – Balanced VP	$ 45,939	$ 15,482	$ 15,310
Transamerica PIMCO Tactical – Conservative VP	$ 20,788	$ 11,425	$ 10,167
Transamerica PIMCO Tactical – Growth VP	$ 20,339	$ 10,476	$ 10,316
Transamerica PIMCO Total Return VP	$631,283	$698,364	$523,665
Transamerica PineBridge Inflation Opportunities VP	$ 43,450	$ 28,208	$ 5,020
Transamerica ProFund UltraBear VP	$ 9,475	$ 24,814	$ 12,708
Transamerica Systematic Small/Mid Cap Value VP	$171,673	$ 71,238	$ 64,348
Transamerica T. Rowe Price Small Cap VP	$114,274	$ 54,736	$ 43,548
Transamerica Torray Concentrated Growth VP	$ 61,962	$ 51,564	$ 44,693
Transamerica TS&W International Equity VP	$ 32,070	$ 29,547	$ 37,788
Transamerica Vanguard ETF Portfolio – Balanced VP	$512,428	$255,611	$108,885
Transamerica Vanguard ETF Portfolio – Conservative VP	$124,955	$ 74,797	$ 29,150
Transamerica Vanguard ETF Portfolio – Growth VP	$409,205	$234,426	$162,447
Transamerica Voya Balanced Allocation VP	$ 544	N/A	N/A
Transamerica Voya Conservative Allocation VP	$ 95	N/A	N/A
Transamerica Voya Intermediate Bond VP	$ 8,070	N/A	N/A
Transamerica Voya Large Cap Growth VP	$ 8,987	N/A	N/A
Transamerica Voya Limited Maturity Bond VP	$ 16,700	N/A	N/A
Transamerica Voya Mid Cap Opportunities VP	$ 22,806	N/A	N/A
Transamerica Voya Moderate Growth Allocation VP	$ 259	N/A	N/A
Transamerica WMC US Growth VP	$614,035	$575,500	$388,297
Transamerica WMC US Growth II VP	$ 3,124	$ 3,301	$ 2,812

Transfer Agent

TFS furnishes the Trust with transfer agency services under the Administrative Agreement. TFS is directly owned by TPLIC (44%) and AUSA (56%), both of which are indirect, wholly owned subsidiaries of Aegon N.V.; and thus TFS is an affiliate of TAM. The Transfer Agent maintains an account for each shareholder of a portfolio and performs other transfer agency functions. TFS has outsourced the provision of certain transfer agency services to Boston Financial Data Services, Inc., located at 2000 Crown Colony Drive, Quincy, Massachusetts 02169.

Custodian

State Street, located at One Lincoln Street, Boston, MA 02111, serves as the Trust's Custodian and Dividend Disbursing Agent.

State Street, among other things, maintains a custody account or accounts in the name of each portfolio, receives and delivers all assets for the portfolios upon purchase and upon sale or maturity, collects and receives all income and other payments and distributions on account of the assets of the portfolios and makes disbursements on behalf of the portfolios. State Street neither determines the portfolios' investment policies nor decides which securities the portfolios will buy or sell. For its services, State Street receives a monthly fee based upon the daily average market value of securities held in custody and also receives securities transaction charges, including out-of-pocket expenses. The portfolios may also periodically enter into arrangements with other qualified custodians with respect to certain types of securities or other transactions such as repurchase agreements or derivatives transactions. State Street may also act as the portfolios' securities lending agent and in that case would receive a share of the income generated by such activities.

Independent Registered Public Accounting Firm

Ernst and Young LLP, located at 200 Clarendon Street, Boston, MA 02116, serves as the Trust's independent registered public accounting firm.

Distributor and Distribution Plan

Distributor

Under the Underwriting Agreement, Transamerica Capital, Inc. ("TCI"), located at 4600 South Syracuse Street, Suite 1100, Denver, CO 80237, is appointed as principal underwriter and distributor in connection with the offering and sale of shares of each portfolio. TCI is an affiliate of TAM. TCI offers the shares on an agency or "best efforts" basis under which a portfolio issues only the number of shares actually sold. Shares of each portfolio are continuously offered by TCI.

The Underwriting Agreement is renewable from year to year with respect to a portfolio if approved (a) by the Board or by a vote of a majority of the portfolio's outstanding voting securities, and (b) by the affirmative vote of a majority of Trustees who are not parties to such agreement or interested persons of any party by votes cast in person at a meeting called for such purpose.

The Underwriting Agreement is terminable with respect to any portfolio without penalty by the Board or by vote of a majority of the outstanding voting securities of the portfolio, or by TCI, on not less than 60 days' written notice to the other party (unless the notice period is waived by mutual consent). The Underwriting Agreement will automatically and immediately terminate in the event of its assignment.

Distribution Plan

The Trust adopted a distribution plan ("Distribution Plan") pursuant to Rule 12b-1 under the 1940 Act.

Each portfolio's 12b-1 Distribution Plan permits the portfolio to pay fees to TCI and others as compensation for their services, not as reimbursement for specific expenses incurred. Thus, even if their expenses exceed the fees provided for by the 12b-1 Distribution Plan, the portfolio would not be obligated to pay more than those fees and, if their expenses are less than the fees paid to them, they will realize a profit. Under each 12b-1 Distribution Plan, a portfolio may pay the fees to the Distributor and others until the 12b-1 Distribution Plan is terminated or not renewed.

The 12b-1 Distribution Plan will remain in effect for successive one year periods, so long as such continuance is approved annually by vote of the portfolio's Trustees, including a majority of the Independent Trustees, cast in person at a meeting called for the purpose of voting on such continuance. For so long as the 12b-1 Distribution Plan is in effect, selection and nomination of the Trustees who are not interested persons of the portfolio shall be committed to the discretion of the Trustees who are not interested persons of the portfolio.

The 12b-1 Distribution Plan may be amended by vote of the Trustees, including a majority of the Independent Trustees of the portfolio that have no direct or indirect financial interest in the operation of the 12b-1 Distribution Plan or any agreement relating thereto, cast in person at a meeting called for that purpose. Any amendment of the 12b-1 Distribution Plan that would materially increase the costs to a portfolio requires approval by the shareholders of that portfolio. Any amendment of the 12b-1 Distribution Plan that would materially increase the costs to a particular class of shares of a portfolio also requires approval by the shareholders of that class.

A 12b-1 Distribution Plan may be terminated as to a class of shares of a fund at any time by vote of a majority of the Independent Trustees, or by vote of a majority of the outstanding voting securities of the applicable class.

Under the Distribution Plan for Initial Class shares, a portfolio may pay TCI and/or financial intermediaries annual distribution and service fees of up to 0.15% of the average daily net assets of the portfolio's Initial Class shares. As of the date of this prospectus, the Trust has not paid any distribution fees under the Plan with respect to Initial Class shares, and does not intend to do so for Initial Class shares before May 1, 2015. You will receive written notice prior to the payment of any fees under the Plan relating to Initial Class shares.

For Service Class shares, a portfolio may pay TCI and/or financial intermediaries annual distribution and service fees of up to 0.25% of the average daily net assets of a portfolio's Service Class shares.

Because the Trust pays these fees out of its assets on an ongoing basis, over time these fees will increase the cost of your investment and may cost you more than paying other types of sales charges. Financial Intermediaries that receive distribution and/or service fees may in turn pay and/or reimburse all or a portion of these fees to their customers. The prospectus contains a description of distribution and service fees payable under the 12b-1 Distribution Plan with respect to the shares offered in that prospectus.

TCI may use the fees payable under the Plan as it deems appropriate to pay for activities or expenses primarily intended to result in the sale of Initial Class or Service Class shares, or in personal service to and/or maintenance of these shareholder accounts.

More specifically, these fees may be used by TCI or a financial intermediary for expenses related to a portfolio, including: costs of printing and distributing the portfolio prospectuses, statements of additional information and reports to prospective investors in the portfolio; costs involved in preparing, printing and distributing sales literature pertaining to the portfolio and reports for persons other than existing shareholders; an allocation of overhead and other branch office distribution-related expenses of TCI or a financial intermediary; payments made to, and expenses of, a TCI or a financial intermediary and other persons who provide support or personal services to shareholders in connection with the distribution of the portfolio's shares; and interest-related expenses, or the cost of capital associated with, the financing of any of the foregoing. In the case of funds or classes of shares that are closed to new investors or investments, TCI also may use the fees payable under the 12b-1 Distribution Plan to make payments to brokers and other financial intermediaries for past sales and distribution efforts.

In the case of a portfolio or a class of shares that is closed to new investors or investments, the fees are paid for services to and for maintenance of existing shareholder accounts and compensation of broker-dealers or other intermediaries for past sales and distribution efforts.

In determining whether to approve the 12b-1 Distribution Plan and the Distribution Agreements, the Trustees considered the anticipated benefits to shareholders from adopting the 12b-1 Distribution Plans and Distribution Agreements. The Trustees were informed by representatives of TCI that payments of distribution-related expenses by the portfolios under the 12b-1 Distribution Plans would provide incentives to TCI to establish and maintain an enhanced distribution system whereby new investors will be attracted to the portfolios. The Trustees believe the 12b-1 Distribution Plan will enable each portfolio to promote sales of its shares and provide personal service and maintenance with respect to shareholder accounts as appropriate for the portfolio. In turn, these promotion efforts are expected to result in increased sales and lead to an increase in a portfolio's net asset levels, which should enable the portfolios to achieve economies of scale and lower their per-share operating expenses. In addition, higher net asset levels could enhance the investment management of the portfolios, for net inflows of cash from new sales may enable a portfolio's investment adviser and sub-adviser to take advantage of attractive investment opportunities. Finally, reduced redemptions could eliminate the potential need to liquidate attractive securities positions in order to raise the capital necessary to meet redemption requests.

The 12b-1 Distribution Plan requires that at least quarterly the Trust and the Distributor shall provide to the Board of Trustees and the Board of Trustees shall review a written report of the amounts expended (and the purposes therefor) under the 12b-1 Distribution Plan.

Distribution Fees Paid Under the 12b-1 Distribution Plan

For the fiscal year ended December 31, 2013, Service Class Shares of the Trust paid $57,240,893 to certain life insurance companies.

Purchase, Redemption and Pricing of Shares

Shares of the portfolios are currently sold only to the separate accounts to fund the benefits under the policies and the annuity contracts. The portfolios may, in the future, offer their shares to other insurance company separate accounts. The separate accounts invest in shares of a portfolio in accordance with the allocation instructions received from holders of the policies and the annuity contracts. Such allocation rights are further described in the prospectuses and disclosure documents for the policies and the annuity contracts. Shares of the portfolios are sold and redeemed at their respective net asset values as described in the prospectus.

Shareholder Accounts

Detailed information about general procedures for Shareholder Accounts and specific types of accounts is set forth in each portfolio's prospectus.

Net Asset Valuation ("NAV") Determination

How Share Price Is Determined

The price at which shares are purchased or redeemed is the NAV that is next calculated following receipt and acceptance of a purchase order in good order or receipt of a redemption request by the portfolios' distributor (or other agent).

When Share Price Is Determined

The NAV of all portfolios (or class thereof) is determined on each day the New York Stock Exchange ("NYSE") is open for business. The NAV is not determined on days when the NYSE is closed (generally New Year's Day, Martin Luther King Jr. Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving and Christmas). Foreign securities may trade in their primary markets on weekends or other days when a portfolio does not price its shares (therefore, the value of a portfolio's foreign securities may change on days when shareholders will not be able to buy or sell shares of the portfolios).

Purchase orders received in good order and accepted, and redemption orders received in good order, before the close of business of the NYSE, usually 4:00 p.m. Eastern Time, receive the NAV determined as of the close of the NYSE that day . Purchase and redemption requests received after the NYSE is closed receive the NAV determined as of the close of the NYSE the next day the NYSE is open.

Purchase orders for shares of the asset allocation portfolios that are received in good order and accepted before the close of business of the NYSE receive the NAV determined as of the close of the NYSE that day. For direct purchases of the asset allocation portfolios sub-advised by AUIM, corresponding orders for shares of the underlying constituent portfolios are placed on the same day (and such asset allocation portfolio receives that day's price for shares of the underlying portfolios). For purchases of shares of the asset allocation portfolios sub-advised by AUIM through the National Securities Clearing Corporation ("NSCC"), orders for shares of the underlying constituent portfolios will be placed after the receipt and acceptance of the settled purchase order for shares of the asset allocation portfolios. For purchases of the asset allocation portfolios sub-advised by Madison, orders for shares of the underlying constituent portfolios will be placed as determined by the portfolio's sub-adviser (and such asset allocation portfolio will receive the price for shares of the underlying portfolios on the day the order is placed).

How NAV Is Calculated

The NAV of each portfolio (or class thereof) is calculated by taking the value of its net assets and dividing by the number of shares of the portfolio (or class) that are then outstanding.

The Board of Trustees has approved procedures to be used to value the portfolios' securities for the purpose of determining the portfolios' NAV. The valuation of the securities of the portfolios is determined in good faith by or under the direction of the Board. The Board has delegated certain valuation functions for the portfolios to TAM.

In general, securities and other investments (including shares of ETFs) are valued based on market prices at the close of regular trading on the NYSE. Portfolio securities (including shares of ETFs) listed or traded on domestic securities exchanges or the NASDAQ/NMS, including dollar-denominated foreign securities or ADRs, are valued at the closing price on the exchange or system where the security is principally traded. With respect to securities traded on the NASDAQ/NMS, such closing price may be the last reported sale price or the NASDAQ Official Closing Price ("NOCP"). If there have been no sales for that day on the exchange or system where the security is principally traded, then the value should be determined with reference to the last sale price, or the NOCP, if applicable, on any other exchange or system. If there have been no sales for that day on any exchange or system, a security is valued at the closing bid quotes on the exchange or system where the security is principally traded, or at the NOCP, if applicable. Foreign securities traded on U.S. exchanges are generally priced using last sale price regardless of trading activity. Securities traded over-the-counter are valued at the last bid price. The market price for debt obligations is generally the price supplied by an independent third party pricing service, which may use market prices or quotations or a variety of fair value techniques and methodologies. Short-term debt obligations that will mature in 60 days or less are valued at amortized cost, unless it is determined that using this method would not reflect an investment's fair value. The prices that the portfolio uses may differ from the amounts that would be realized if the investments were sold and the differences could be significant, particularly for securities that trade in relatively thin markets and/or markets that experience extreme volatility. Foreign securities generally are valued based on quotations from the primary market in which they are traded, and are converted from the local currency into U.S. dollars using current exchange rates. Market quotations for securities prices may be obtained from automated pricing services. Shares of open-end funds (other than ETF shares) are generally valued at the NAV reported by that investment company. ETF shares are valued at the most recent sale price or official closing price on the exchange on which they are traded.

When a market quotation for a security is not readily available (which may include closing prices deemed to be unreliable because of the occurrence of a subsequent event), a valuation committee appointed by the Board of Trustees may, in good faith, establish a value for the security in accordance with fair valuation procedures adopted by the Board. The types of securities for which such fair value pricing may be required include, but are not limited to: foreign securities, where a significant event occurs after the close of the foreign market on which such security principally trades that is likely to have changed the value of such security, or the closing value is otherwise deemed unreliable; securities of an issuer that has entered into a restructuring; securities whose trading has been halted or suspended; fixed-income securities that have gone into default and for which there is no current market value quotation; and securities that are restricted as to transfer or resale. The portfolios use a fair value model developed by an independent third party pricing service to price foreign equity securities on days when there is a certain percentage change in the value of a domestic equity security index, as such percentage may be determined by TAM from time to time.

Valuing securities in accordance with fair value procedures involves greater reliance on judgment than valuing securities based on readily available market quotations. The valuation committee makes fair value determinations in good faith in accordance with the portfolios' valuation procedures. Fair value determinations can also involve reliance on quantitative models employed by a fair value pricing service. There can be no assurance that a portfolio could obtain the fair value assigned to a security if it were to sell the security at approximately the time at which the portfolio determines its NAV.

Brokerage

Subject to policies established by the Board of Trustees and TAM, the sub-advisers are responsible for placement of the portfolios' securities transactions. In placing orders, it is the policy of a portfolio to seek to obtain the most favorable price and execution available, except to the extent it may be permitted to pay higher brokerage commissions as described below. In seeking the most favorable price and execution, TAM or the sub-adviser, as applicable, having in mind the portfolio's best interests, considers all factors it deems relevant, including: the size of the transaction; the nature of the market for the security; the amount of the commission; the timing of the transaction taking into account market prices and trends; the reputation, experience and financial stability of the broker-dealer involved and the quality of service rendered by the broker-dealer in that or other transactions; trade confidentiality including anonymity; and research products and services provided, which include: (i) furnishing advice, either directly or through publications or writings, as to the value of securities, the advisability of purchasing or selling specific securities and the availability of securities or purchasers or sellers of securities and (ii) furnishing analyses and reports concerning issuers, industries, securities, economic factors and trends and portfolio strategy and products and other services (such as third party publications, reports and analyses, and computer and electronic access, equipment, software, information and accessories) that assist each sub-adviser in carrying out its responsibilities

Decisions as to the selection of broker-dealers and the assignment of portfolio brokerage business for a portfolio and negotiation of its commission rates are made by TAM or the sub-adviser, as applicable, whose policy is to seek to obtain "best execution" (prompt and reliable execution at the most favorable security price) of all portfolio transactions. In doing so, a portfolio may pay higher commission rates than the lowest available when its sub-adviser believes it is reasonable to do so in light of the value of the brokerage and research services provided by the broker effecting the transaction, as discussed below.

There is generally no stated commission in the case of fixed-income securities and other securities traded on a principal basis in the over-the-counter markets, but the price paid by a portfolio usually includes an undisclosed dealer commission or mark-up. In underwritten offerings, the price paid by a portfolio includes a disclosed, fixed commission or discount retained by the underwriter or dealer. Transactions on U.S. stock exchanges and other agency transactions involve the payment by a portfolio of negotiated brokerage commissions. Such commissions vary among different brokers. Also, a particular broker may charge different commissions according to such factors as the difficulty and size of the transaction. Transactions in foreign securities generally involve the payment of fixed brokerage commissions, which are generally higher than those in the United States.

It has for many years been a common practice in the investment advisory business for advisers of investment companies and other institutional investors to receive research and brokerage products and services (together, "services") from broker-dealers that execute portfolio transactions for the clients of such advisers. Consistent with this practice, the sub-advisers may receive services from many broker-dealers with which the sub-advisers place the portfolio's portfolio transactions. These services, which in some cases may also be purchased for cash, may include, among other things, such items as general economic and security market reviews, industry and company reviews, evaluations of securities, recommendations as to the purchase and sale of securities, and services related to the execution of securities transactions. The services obtained through brokers or dealers will be in addition to, and not in lieu of, the services required to be performed by a sub-adviser. The expenses of a sub-adviser will not necessarily be reduced as a result of the receipt of such supplemental information. A sub-adviser may use such services in servicing other accounts in addition to the respective portfolio. Conversely, services provided to a sub-advisers by broker-dealers in connection with trades executed on behalf of other clients of the sub-adviser may be useful to the sub-adviser in managing the portfolio, although not all of these services may be necessarily useful and of value to the sub-adviser in managing such other clients. The receipt of such services enables a sub-adviser to avoid the additional expenses that might otherwise be incurred if it were to attempt to develop comparable information through its own staff.

In reliance on the "safe harbor" provided by Section 28(e) of the 1934 Act and the SEC's interpretive guidance thereunder, a sub-adviser may cause a portfolio to pay a broker-dealer that provides "brokerage and research services" (as defined for purposes of Section 28(e)) to the Sub-Adviser an amount of commission for effecting a securities transaction for the portfolio in excess of the commission that another broker-dealer would have charged for effecting that transaction if the sub-adviser determines in good faith that the commission is reasonable in relation to the value of the brokerage and research services provided by the broker-dealer. If a sub-adviser determines that any research product or service has a mixed use, such that it also serves functions that do not assist in the investment decision-making process, the sub-adviser will allocate the costs of such service or product accordingly. The portion of the product or service that a sub-adviser determines will assist it in the investment decision-making process may be paid for in brokerage commission dollars. Such allocation may create a conflict of interest for the sub-adviser. Conversely, such supplemental information obtained by the placement of business for a sub-adviser will be considered by and may be useful to the sub-adviser in carrying out its obligations to a portfolio.

A sub-adviser may place transactions for the purchase or sale of portfolio securities with affiliates of TAM or the sub-adviser. A sub-adviser may place transactions with a broker-dealer that is an affiliate of TAM or the sub-adviser where, in the judgment of the sub-adviser, such firm will be able to obtain a price and execution at least as favorable as other qualified broker-dealers. Pursuant to rules of the SEC, a broker-dealer that is an affiliate of TAM or the sub-adviser may receive and retain compensation for effecting portfolio transactions for the portfolio on a securities exchange if the commissions paid to such an affiliated broker-dealer by the portfolio do not exceed "usual and customary brokerage commissions." The rules define "usual and customary" commissions to include amounts that are "reasonable and fair compared to the commission, fee or other remuneration received by other brokers in connection with comparable transactions involving similar securities being purchased or sold on a securities exchange during a comparable period of time."

Securities held by a portfolio may also be held by other separate accounts, mutual funds or other accounts for which TAM or a sub-adviser serves as an adviser, or held by TAM or a sub-adviser for their own accounts. Because of different investment objectives or other factors, a particular security may be bought by TAM or a sub-adviser for one or more clients when one or more clients are selling the same security. If purchases or sales of securities for a portfolio or other entities for which they act as investment adviser or for their advisory clients arise for consideration at or about the same time, transactions in such securities will be made, insofar as feasible, for the respective entities and clients in a manner deemed equitable to all. To the extent that transactions on behalf of more than one client of TAM or a sub-adviser during the same period may increase the demand for securities being purchased or the supply of securities being sold, there may be an adverse effect on price.

On occasions when TAM or a sub-adviser deems the purchase or sale of a security to be in the best interests of a portfolio as well as other accounts or companies, it may to the extent permitted by applicable laws and regulations, but will not be obligated to, aggregate the securities to be sold or purchased for the portfolio with those to be sold or purchased for such other accounts or companies in order to obtain favorable execution and lower brokerage commissions. In that event, allocation of the securities purchased or sold, as well as the expenses incurred in the transaction, will be made by TAM or the sub-adviser in the manner it considers to be most equitable and consistent with its fiduciary obligations to the portfolio and to such other accounts or companies. In some cases this procedure may adversely affect the size of the position obtainable for a portfolio.

The Board of Trustees of the Trust reviews on a quarterly basis the brokerage placement practices of each sub-adviser on behalf of the portfolios, and reviews the prices and commissions, if any, paid by the portfolios to determine if they were reasonable.

Brokerage Commissions Paid

The following portfolios paid the aggregate brokerage commissions indicated for the last three fiscal years:

"N/A" in the table below indicates that the portfolio was not in operation during the relevant fiscal year and, accordingly, no commissions are shown.

Fund Name	Brokerage Commissions Paid		
	2013	2012	2011
Transamerica Aegon Active Asset Allocation – Conservative VP	$ 57,232	$ 38,126	$ 10,037
Transamerica Aegon Active Asset Allocation – Moderate Growth VP	$ 72,174	$ 34,657	$ 13,866
Transamerica Aegon Active Asset Allocation – Moderate VP	$ 115,987	$ 38,405	$ 3,719
Transamerica Aegon High Yield Bond VP	$ 836	$ 12	$ 1,155
Transamerica Aegon Money Market VP	$ 0	$ 0	$ 0
Transamerica Aegon U.S. Government Securities VP	$ 8,250	$ 0	$ 0
Transamerica AllianceBernstein Dynamic Allocation VP	$ 83,542	$ 45,579	$ 19,334
Transamerica Asset Allocation – Conservative VP	$ 172,706	$ 0	$ 0
Transamerica Asset Allocation – Growth VP	$ 72,432	$ 0	$ 0
Transamerica Asset Allocation – Moderate Growth VP	$ 345,381	$ 0	$ 0
Transamerica Asset Allocation – Moderate VP	$ 433,699	$ 0	$ 0
Transamerica Barrow Hanley Dividend Focused VP	$ 504,928	$1,832,907	$1,107,084
Transamerica BlackRock Global Allocation Managed Risk - Balanced VP	N/A	N/A	N/A
Transamerica BlackRock Global Allocation Managed Risk - Growth VP	N/A	N/A	N/A
Transamerica BlackRock Global Allocation VP	$ 0	$ 0	$ 0
Transamerica BlackRock Tactical Allocation VP	$ 0	$ 0	$ 0
Transamerica Clarion Global Real Estate Securities VP	$ 380,711	$ 384,738	$ 528,458
Transamerica International Moderate Growth VP	$ 25,872	$ 0	$ 0
Transamerica Janus Balanced VP	$ 40,336	$ 28,530	$ 73,709
Transamerica Jennison Growth VP	$ 433,140	$ 545,873	$1,169,367
Transamerica JPMorgan Core Bond VP	$ 0	$ 0	$ 0
Transamerica JPMorgan Enhanced Index VP	$ 163,853	$ 166,791	$ 209,689
Transamerica JPMorgan Mid Cap Value VP	$ 381,461	$ 322,507	$ 137,327
Transamerica JPMorgan Tactical Allocation VP	$ 124,948	$ 91,039	$ 282,075
Transamerica Legg Mason Dynamic Allocation – Balanced VP	$ 34,093	$ 9,682	N/A
Transamerica Legg Mason Dynamic Allocation – Growth VP	$ 14,135	$ 3,456	N/A
Transamerica Madison Balanced Allocation VP	$ 0	$ 0	$ 0
Transamerica Madison Conservative Allocation VP	$ 0	$ 0	$ 0
Transamerica Madison Diversified Income VP	$ 11,067	$ 15,612	$ 4,769
Transamerica Market Participation Strategy VP	$ 8,503	$ 608	N/A
Transamerica MFS International Equity VP	$ 136,911	$ 110,714	$ 148,792
Transamerica Morgan Stanley Capital Growth VP	$ 74,426	$ 128,591	$ 123,357
Transamerica Morgan Stanley Mid-Cap Growth VP	$ 501,862	$ 449,637	$ 284,552
Transamerica Multi-Managed Balanced VP	$ 228,436	$ 342,309	$ 451,820
Transamerica Multi-Manager Alternative Strategies VP	$ 0	N/A	N/A
Transamerica PIMCO Tactical – Balanced VP	$ 26,319	$ 147,027	$ 366,766
Transamerica PIMCO Tactical – Conservative VP	$ 8,184	$ 136,224	$ 337,724
Transamerica PIMCO Tactical – Growth VP	$ 14,198	$ 160,052	$ 433,292

Fund Name	Brokerage Commissions Paid		
	2013	2012	2011
Transamerica PIMCO Total Return VP	$ 75,639	$ 25,652	$ 68,849
Transamerica PineBridge Inflation Opportunities VP	$ 1,021	$ 273	$ 836
Transamerica ProFund UltraBear VP	$ 24,044	$ 74,372	$ 85,937
Transamerica Systematic Small/Mid Cap Value VP	$1,073,388	$ 390,238	$ 697,253
Transamerica T. Rowe Price Small Cap VP	$ 148,415	$ 63,213	$ 55,195
Transamerica Torray Concentrated Growth VP	$ 196,978	$ 127,860	$ 92,390
Transamerica TS&W International Equity VP	$ 126,162	$ 68,166	$ 128,565
Transamerica Vanguard ETF Portfolio – Balanced VP	$ 336,277	$ 128,733	$ 95,591
Transamerica Vanguard ETF Portfolio – Conservative VP	$ 68,721	$ 34,048	$ 20,679
Transamerica Vanguard ETF Portfolio – Growth VP	$ 265,657	$ 131,554	$ 117,527
Transamerica Voya Balanced Allocation VP	$ 0	N/A	N/A
Transamerica Voya Conservative Allocation VP	$ 0	N/A	N/A
Transamerica Voya Intermediate Bond VP	$ 3,859	N/A	N/A
Transamerica Voya Large Cap Growth VP	$ 33,228	N/A	N/A
Transamerica Voya Limited Maturity Bond VP	$ 3,448	N/A	N/A
Transamerica Voya Mid Cap Opportunities VP	$ 128,270	N/A	N/A
Transamerica Voya Moderate Growth Allocation VP	$ 0	N/A	N/A
Transamerica WMC US Growth VP	$ 758,476	$ 824,161	$ 722,219
Transamerica WMC US Growth II VP	$ 4,206	$ 4,238	$ 4,607

Affiliated Brokers

Fund Name	Affiliated Broker Commissions		
	2013	2012	2011
Transamerica Aegon Active Asset Allocation – Conservative VP	$ 0	$ 0	$ 0
Transamerica Aegon Active Asset Allocation – Moderate Growth VP	$ 0	$ 0	$ 0
Transamerica Aegon Active Asset Allocation – Moderate VP	$ 0	$ 0	$ 0
Transamerica Aegon High Yield Bond VP	$ 0	$ 0	$ 0
Transamerica Aegon Money Market VP	$ 0	$ 0	$ 0
Transamerica Aegon U.S. Government Securities VP	$ 0	$ 0	$ 0
Transamerica AllianceBernstein Dynamic Allocation VP	$ 0	$ 0	$ 0
Transamerica Asset Allocation – Conservative VP	$ 0	$ 0	$ 0
Transamerica Asset Allocation – Growth VP	$ 0	$ 0	$ 0
Transamerica Asset Allocation – Moderate Growth VP	$ 0	$ 0	$ 0
Transamerica Asset Allocation – Moderate VP	$ 0	$ 0	$ 0
Transamerica Barrow Hanley Dividend Focused VP	$ 0	$ 0	$ 0
Transamerica BlackRock Global Allocation Managed Risk - Balanced VP	N/A	N/A	N/A
Transamerica BlackRock Global Allocation Managed Risk - Growth VP	N/A	N/A	N/A
Transamerica BlackRock Global Allocation VP	$ 0	$ 0	$ 0
Transamerica BlackRock Tactical Allocation VP	$ 0	$ 0	$ 0
Transamerica Clarion Global Real Estate Securities VP	$ 0	$ 0	$ 0
Transamerica International Moderate Growth VP	$ 0	$ 0	$ 0
Transamerica Janus Balanced VP	$ 0	$ 0	$ 0
Transamerica Jennison Growth VP	$ 0	$ 0	$ 0
Transamerica JPMorgan Core Bond VP	$ 0	$ 0	$ 0
Transamerica JPMorgan Enhanced Index VP	$ 0	$ 0	$ 0
Transamerica JPMorgan Mid Cap Value VP	$ 0	$ 0	$ 0
Transamerica JPMorgan Tactical Allocation VP	$ 0	$ 0	$ 0
Transamerica Legg Mason Dynamic Allocation – Balanced VP	$ 0	N/A	N/A
Transamerica Legg Mason Dynamic Allocation – Growth VP	$ 0	N/A	N/A
Transamerica Madison Balanced Allocation VP	$ 0	$ 0	$ 0
Transamerica Madison Conservative Allocation VP	$ 0	$ 0	$ 0
Transamerica Madison Diversified Income VP	$ 0	$ 0	$ 0
Transamerica Market Participation Strategy VP	$ 0	N/A	N/A

Fund Name	Affiliated Broker Commissions		
	2013	2012	2011
Transamerica MFS International Equity VP	$ 0	$ 0	$ 0
Transamerica Morgan Stanley Capital Growth VP	$ 135	$ 0	$ 0
Transamerica Morgan Stanley Mid-Cap Growth VP	$5,252	$ 0	$2,223
Transamerica Multi-Managed Balanced VP	$ 0	$ 0	$ 0
Transamerica Multi-Manager Alternative Strategies VP	$ 0	N/A	N/A
Transamerica PIMCO Tactical – Balanced VP	$ 0	$ 0	$ 0
Transamerica PIMCO Tactical – Conservative VP	$ 0	$ 0	$ 0
Transamerica PIMCO Tactical – Growth VP	$ 0	$ 0	$ 0
Transamerica PIMCO Total Return VP	$ 0	$ 0	$ 0
Transamerica PineBridge Inflation Opportunities VP	$ 0	$ 0	$ 0
Transamerica ProFund UltraBear VP	$ 0	$ 0	$ 0
Transamerica Systematic Small/Mid Cap Value VP	$ 0	$ 0	$ 0
Transamerica T. Rowe Price Small Cap VP	$ 0	$ 0	$ 0
Transamerica Torray Concentrated Growth VP	$4,045	$ 0	$ 0
Transamerica TS&W International Equity VP	$ 0	$ 0	$ 0
Transamerica Vanguard ETF Portfolio – Balanced VP	$ 0	$ 0	$ 0
Transamerica Vanguard ETF Portfolio – Conservative VP	$ 0	$ 0	$ 0
Transamerica Vanguard ETF Portfolio – Growth VP	$ 0	$ 0	$ 0
Transamerica Voya Balanced Allocation VP	$ 0	N/A	N/A
Transamerica Voya Conservative Allocation VP	$ 0	N/A	N/A
Transamerica Voya Intermediate Bond VP	$ 0	N/A	N/A
Transamerica Voya Large Cap Growth VP	$ 0	N/A	N/A
Transamerica Voya Limited Maturity Bond VP	$ 0	N/A	N/A
Transamerica Voya Mid Cap Opportunities VP	$ 0	N/A	N/A
Transamerica Voya Moderate Growth Allocation VP	$ 0	N/A	N/A
Transamerica WMC US Growth VP	$ 0	$ 0	$ 0
Transamerica WMC US Growth II VP	$ 0	$ 0	$ 0

Directed Brokerage

A sub-adviser to a portfolio, to the extent consistent with the best execution and with TAM's usual commission rate policies and practices, may place portfolio transactions with broker/dealers with which the Trust has established a Directed Brokerage Program. A Directed Brokerage Program is any arrangement under which a broker/dealer applies a portion of the commissions received by such broker/dealer on the portfolio transactions to the payment of operating expenses that would otherwise be borne by the portfolio.

Under a Directed Brokerage Program, the commissions paid by a portfolio shall be applied to the payment only of expenses that would otherwise be borne by the portfolio paying the commission. In no event will commissions paid by a portfolio be used to pay expenses that would otherwise be borne by any other portfolio in the Trust, or by any other party. In the case of any portfolio that is the subject of a contractual expense reduction arrangement with TAM (or a comparable agreement with any "affiliate" of TAM or the Trust, as such term is defined in the 1940 Act) pursuant to which TAM (or its affiliates) has agreed to waive amounts otherwise payable by the portfolio to TAM (or affiliate) under the expense reduction arrangement, but shall instead be used solely to reduce expenses borne by the portfolio to a lower level than the portfolio would have borne after giving full effect to the expense reduction arrangement. These commissions are not used for promoting or selling portfolio shares or otherwise related to the distribution of portfolio shares.

The following table provides brokerage commissions that were directed to brokers for a Directed Brokerage Program during the fiscal year ended December 31, 2013.

"N/A" in the table below indicates that the portfolio was not in operation during the relevant fiscal year and, accordingly, no commissions are shown.

Fund Name	Paid as of December 31, 2013
Transamerica Aegon Active Asset Allocation — Conservative VP	$ 0
Transamerica Aegon Active Asset Allocation — Moderate Growth VP	$ 0
Transamerica Aegon Active Asset Allocation — Moderate VP	$ 0
Transamerica Aegon High Yield Bond VP	$ 0

Fund Name	Paid as of December 31, 2013
Transamerica Aegon Money Market VP	$ 0
Transamerica Aegon U.S. Government Securities VP	$ 0
Transamerica AllianceBernstein Dynamic Allocation VP	$ 10,699
Transamerica Asset Allocation — Conservative VP	$ 0
Transamerica Asset Allocation — Growth VP	$ 0
Transamerica Asset Allocation — Moderate Growth VP	$ 0
Transamerica Asset Allocation — Moderate VP	$ 0
Transamerica Barrow Hanley Dividend Focused VP	$278,345
Transamerica BlackRock Global Allocation Managed Risk - Balanced VP	N/A
Transamerica BlackRock Global Allocation Managed Risk - Growth VP	N/A
Transamerica BlackRock Global Allocation VP	$ 0
Transamerica BlackRock Tactical Allocation VP	$ 0
Transamerica Clarion Global Real Estate Securities VP	$295,179
Transamerica International Moderate Growth VP	$ 0
Transamerica Janus Balanced VP	$ 12,451
Transamerica Jennison Growth VP	$297,191
Transamerica JPMorgan Core Bond VP	$ 0
Transamerica JPMorgan Enhanced Index VP	$ 19,555
Transamerica JPMorgan Mid Cap Value VP	$166,277
Transamerica JPMorgan Tactical Allocation VP	$ 9,382
Transamerica Legg Mason Dynamic Allocation — Balanced VP	$ 0
Transamerica Legg Mason Dynamic Allocation — Growth VP	$ 0
Transamerica Madison Balanced Allocation VP	$ 0
Transamerica Madison Conservative Allocation VP	$ 0
Transamerica Madison Diversified Income VP	$ 9,238
Transamerica Market Participation Strategy VP	$ 0
Transamerica MFS International Equity VP	$ 79,708
Transamerica Morgan Stanley Capital Growth VP	$ 50,405
Transamerica Morgan Stanley Mid-Cap Growth VP	$323,243
Transamerica Multi-Managed Balanced VP	$ 28,524
Transamerica Multi-Manager Alternative Strategies VP	$ 0
Transamerica PIMCO Tactical — Balanced VP	$ 0
Transamerica PIMCO Tactical — Conservative VP	$ 0
Transamerica PIMCO Tactical — Growth VP	$ 0
Transamerica PIMCO Total Return VP	$ 0
Transmaerica PineBridge Inflation Opportunities VP	$ 0
Transamerica ProFund UltraBear VP	$ 0
Transamerica Systematic Small/Mid Cap Value VP	$296,343*
Transamerica T. Rowe Price Small Cap VP	$ 53,970
Transamerica Torray Concentrated Growth VP	$ 72,583
Transamerica TS&W International Equity VP	$ 36,717
Transamerica Vanguard ETF Portfolio — Balanced VP	$ 0
Transamerica Vanguard ETF Portfolio — Conservative VP	$ 0
Transamerica Vanguard ETF Portfolio — Growth VP	$ 0
Transamerica Voya Balanced Allocation VP	$ 0
Transamerica Voya Conservative Allocation VP	$ 0
Transamerica Voya Intermediate Bond VP	$ 0
Transamerica Voya Large Cap Growth VP	$ 20,298
Transamerica Voya Limited Maturity Bond VP	$ 0
Transamerica Voya Mid Cap Opportunities VP	$ 83,738
Transamerica Voya Moderate Growth Allocation VP	$ 0
Transamerica WMC US Growth VP	$ 67,295
Transamerica WMC US Growth II VP	$ 262

* Amount does not include $28,384 attributable to Transamerica Third Avenue Value VP, which merged with the portfolio effective May 1, 2013.

The amounts shown above for brokerage commissions directed to brokers for brokerage and research services are based upon custody data provided to CAPIS and were calculated using the following methodology: Total Commissions minus transactions executed at discounted rates and/or directed to the funds' commission recapture program equals total research commissions. USD transactions executed at $.02 and below and non-USD transactions executed at 8 basis points and below are considered to be executed at discounted rates. For example, Commission paid on USD transactions at rates greater than $.02 per share and not directed for commission recapture are assumed to be paid to brokers that provide research and brokerage services within the scope of Section 28(e) of the Exchange Act. Commissions paid on fixed price offerings and transactions in futures and options are not included in this analysis.

Securities of Regular Broker Dealers

During the fiscal year ended December 31, 2013, the portfolios purchased securities issued by the following regular broker-dealers of the portfolios, which had the following values as of December 31, 2013.

Fund Name	Bank of America Corporation	Barclays Capital, Inc.	Citigroup, Inc.	Credit Suisse Securities (USA) LLC	Deutsche Bank Securities, Inc.	Goldman Sachs Group, Inc.	J.P. Morgan Securities, Inc.	Morgan Stanley & Co., Inc.	State Street Bank Corp.	UBS Securities LLC	US Bank National Association
Transamerica Aegon High Yield Bond VP	$ 1,446,000	$ 0	$3,077,000	$ 0	$ 0	$ 2,831,000	$ 2,216,000	$ 226,000	$ 0	$ 0	$ 0
Transamerica Aegon Money Market VP	$12,000,000	$14,000,000	$ 0	$ 0	$ 0	$13,500,000	$ 0	$ 0	$ 0	$ 0	$28,000,000
Transamerica Aegon U.S. Government Securities VP	$ 0	$ 1,499,000	$1,010,000	$ 0	$ 0	$ 0	$ 3,590,000	$ 2,433,000	$ 0	$ 0	$ 0
Transamerica AllianceBernstein Dynamic Allocation VP	$ 1,955,000	$ 409,000	$1,800,000	$ 441,000	$361,000	$ 2,296,000	$ 2,389,000	$ 1,266,000	$ 139,000	$1,265,000	$ 330,000
Transamerica Barrow Hanley Dividend Focused VP	$42,570,000	$ 0	$ 0	$ 0	$ 0	$ 0	$29,544,000	$ 0	$32,387,000	$ 0	$ 0
Transamerica Janus Balanced VP	$ 1,367,000	$ 0	$ 791,000	$ 0	$ 0	$ 937,000	$ 2,168,000	$ 1,961,000	$ 0	$ 148,000	$ 3,635,000
Transamerica Jennison Growth VP	$ 0	$ 0	$ 0	$ 0	$ 0	$16,275,000	$ 0	$ 7,310,000	$ 0	$ 0	$ 0
Transamerica JPMorgan Core Bond VP	$ 8,120,000	$ 2,584,000	$3,984,000	$2,484,000	$219,000	$ 3,939,000	$ 3,266,000	$ 2,368,000	$ 274,000	$1,848,000	$ 255,000
Transamerica JPMorgan Enhanced Index VP	$ 4,041,000	$ 0	$4,321,000	$ 0	$ 0	$ 1,905,000	$ 0	$ 1,857,000	$ 1,678,000	$ 0	$ 341,000
Transamerica JPMorgan Tactical Allocation VP	$ 6,691,000	$ 1,261,000	$5,950,000	$2,601,000	$989,000	$ 4,764,000	$39,503,000	$ 4,769,000	$ 1,121,000	$ 862,000	$ 0
Transamerica Madison Diversified Income VP	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 396,000	$ 0	$ 0	$ 0	$ 1,174,000
Transamerica MFS International Equity VP	$ 0	$ 5,874,000	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$5,996,000	$ 0
Transamerica Multi-Managed Balanced VP	$10,518,000	$ 1,564,000	$6,725,000	$2,426,000	$214,000	$ 5,481,000	$ 7,174,000	$ 7,074,000	$ 2,158,000	$1,433,000	$ 850,000
Transamerica PIMCO Tactical - Balanced VP	$ 400,000	$ 0	$ 0	$ 0	$ 0	$ 620,000	$ 489,000	$ 410,000	$ 0	$ 0	$ 0
Transamerica PIMCO Tactical - Conservative VP	$ 665,000	$ 0	$ 0	$ 0	$ 0	$ 425,000	$ 915,000	$ 396,000	$ 0	$ 0	$ 0
Transamerica PIMCO Tactical - Growth VP	$ 136,000	$ 0	$ 0	$ 150,000	$ 0	$ 391,000	$ 244,000	$ 278,000	$ 0	$ 0	$ 0
Transamerica PIMCO Total Return VP	$87,754,000	$30,102,000	$9,607,000	$ 716,000	$143,000	$ 1,831,000	$36,916,000	$40,948,000	$ 0	$5,753,000	$ 0
Transamerica PineBridge Inflation Opportunities VP	$ 448,000	$ 0	$ 0	$ 0	$ 0	$ 84,000	$ 29,000	$ 0	$ 0	$ 104,000	$ 0
Transamerica TS&W International Equity VP	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 996,000	$ 0
Transamerica Voya Intermediate Bond VP	$ 569,000	$ 0	$ 572,000	$ 597,000	$181,000	$ 625,000	$ 1,335,000	$ 1,773,000	$ 42,000	$1,160,000	$ 0
Transamerica WMC US Growth VP	$28,769,000	$ 0	$ 0	$ 0	$ 0	$ 0	$12,449,000	$ 0	$ 0	$ 0	$ 0
Transamerica WMC US Growth II VP	$ 148,000	$ 0	$ 0	$ 0	$ 0	$ 0	$ 73,000	$ 0	$ 0	$ 0	$ 0

Principal Shareholders and Control Persons

Principal Shareholders

To the knowledge of the Trust, as of October 15, 2014, the following persons owned beneficially or of record 5% or more of the outstanding shares of the class of the portfolios indicated. Unless otherwise noted, the address of each investor is c/o TAM, 570 Carillon Parkway, St. Petersburg, Florida 33716.

Name & Address	Portfolio Name	Class	Pct
AEGON Financial Partners - Florida Transamerica Premier Life Ins Co WRL Series Life Account 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Aegon Active Asset Allocation - Conservative VP	INI	99.43%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Aegon Active Asset Allocation - Conservative VP	SVC	92.96%
TCM Division Transamerica Financial Life Ins Co Separate Account VA Bny 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Aegon Active Asset Allocation - Conservative VP	SVC	5.33%
AEGON Financial Partners - Florida Transamerica Premier Life Ins Co WRL Series Life Account 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Aegon Active Asset Allocation - Moderate Growth VP	INI	96.07%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Aegon Active Asset Allocation - Moderate Growth VP	SVC	91.02%
TCM Division Transamerica Financial Life Ins Co Separate Account VA Bny 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Aegon Active Asset Allocation - Moderate Growth VP	SVC	7.94%
AEGON Financial Partners - Florida Transamerica Premier Life Ins Co WRL Series Life Account 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Aegon Active Asset Allocation - Moderate VP	INI	97.49%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Aegon Active Asset Allocation - Moderate VP	SVC	93.91%
TCM Division Transamerica Financial Life Ins Co Separate Account VA Bny 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Aegon Active Asset Allocation - Moderate VP	SVC	5.59%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Aegon High Yield Bond VP	INI	74.52%

Name & Address	Portfolio Name	Class	Pct
AEGON Financial Partners - Florida Transamerica Premier Life Ins Co WRL Series Life Account 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Aegon High Yield Bond VP	INI	11.37%
TCM Division Transamerica Premier Life Ins Co WRL Series Annuity Account 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Aegon High Yield Bond VP	INI	10.42%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Aegon High Yield Bond VP	SVC	91.40%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Aegon Money Market VP	INI	53.15%
TCM Division Transamerica Premier Life Ins Co WRL Series Annuity Account 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Aegon Money Market VP	INI	20.31%
AEGON Financial Partners - Florida Transamerica Premier Life Ins Co WRL Series Life Account 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Aegon Money Market VP	INI	13.80%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Aegon Money Market VP	SVC	87.66%
TCM Division Transamerica Financial Life Ins Co Separate Account VA Bny 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Aegon Money Market VP	SVC	7.53%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Aegon U.S. Government Securities VP	INI	78.08%
TCM Division Transamerica Premier Life Ins Co WRL Series Annuity Account 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Aegon U.S. Government Securities VP	INI	9.73%
AEGON Financial Partners - Florida Transamerica Premier Life Ins Co WRL Series Life Account 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Aegon U.S. Government Securities VP	INI	7.57%

Name & Address	Portfolio Name	Class	Pct
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Aegon U.S. Government Securities VP	SVC	74.09%
TCM Division Transamerica Financial Life Ins Co Separate Account VA Bny 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Aegon U.S. Government Securities VP	SVC	13.97%
TCM Division Transamerica Premier Life Ins Co Separate Account VA U 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Aegon U.S. Government Securities VP	SVC	8.60%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica AllianceBernstein Dynamic Allocation VP	INI	72.69%
TCM Division Transamerica Premier Life Ins Co WRL Series Annuity Account 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica AllianceBernstein Dynamic Allocation VP	INI	12.87%
AEGON Financial Partners - Florida Transamerica Premier Life Ins Co WRL Series Life Account 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica AllianceBernstein Dynamic Allocation VP	INI	9.71%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica AllianceBernstein Dynamic Allocation VP	SVC	93.57%
TCM Division Transamerica Financial Life Ins Co Separate Account VA Bny 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica AllianceBernstein Dynamic Allocation VP	SVC	5.52%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Asset Allocation - Conservative VP	INI	66.55%
TCM Division Transamerica Premier Life Ins Co WRL Series Annuity Account 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Asset Allocation - Conservative VP	INI	19.04%
AEGON Financial Partners - Florida Transamerica Premier Life Ins Co WRL Series Life Account 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Asset Allocation - Conservative VP	INI	9.33%

Name & Address	Portfolio Name	Class	Pct
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Asset Allocation - Conservative VP	SVC	86.14%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Asset Allocation - Growth VP	INI	43.50%
AEGON Financial Partners - Florida Transamerica Premier Life Ins Co WRL Series Life Account 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Asset Allocation - Growth VP	INI	35.75%
TCM Division Transamerica Premier Life Ins Co WRL Series Annuity Account 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Asset Allocation - Growth VP	INI	12.62%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Asset Allocation - Growth VP	SVC	67.30%
TCM Division Transamerica Premier Life Ins Co Separate Account VA U 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Asset Allocation - Growth VP	SVC	22.95%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Asset Allocation - Moderate Growth VP	INI	53.03%
AEGON Financial Partners - Florida Transamerica Premier Life Ins Co WRL Series Life Account 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Asset Allocation - Moderate Growth VP	INI	24.13%
TCM Division Transamerica Premier Life Ins Co WRL Series Annuity Account 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Asset Allocation - Moderate Growth VP	INI	15.92%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Asset Allocation - Moderate Growth VP	SVC	83.53%
TCM Division Transamerica Premier Life Ins Co Separate Account VA U 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Asset Allocation - Moderate Growth VP	SVC	6.86%

Name & Address	Portfolio Name	Class	Pct
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Asset Allocation - Moderate VP	INI	66.59%
TCM Division Transamerica Premier Life Ins Co WRL Series Annuity Account 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Asset Allocation - Moderate VP	INI	17.54%
AEGON Financial Partners - Florida Transamerica Premier Life Ins Co WRL Series Life Account 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Asset Allocation - Moderate VP	INI	9.82%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Asset Allocation - Moderate VP	SVC	89.98%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Barrow Hanley Dividend Focused VP	INI	58.84%
Transamerica Asset Allocation – BlackRock Tactical Allocation VP 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Barrow Hanley Dividend Focused VP	INI	15.65%
TCM Division Transamerica Premier Life Ins Co WRL Series Annuity Account 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Barrow Hanley Dividend Focused VP	INI	10.69%
AEGON Financial Partners - Florida Transamerica Premier Life Ins Co WRL Series Life Account 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Barrow Hanley Dividend Focused VP	INI	9.75%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Barrow Hanley Dividend Focused VP	SVC	63.26%
TCM Division Merrill Lynch Life Insurance Co Ml Life VA Separate Acct A 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Barrow Hanley Dividend Focused VP	SVC	22.48%
TCM Division Transamerica Premier Life Ins Co Separate Account VA U 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Barrow Hanley Dividend Focused VP	SVC	6.23%
Transamerica Asset Allocation – BlackRock Tactical Allocation VP 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica BlackRock Global Allocation VP	INI	93.59%

Name & Address	Portfolio Name	Class	Pct
AEGON Financial Partners - Florida Transamerica Premier Life Ins Co WRL Series Life Account 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica BlackRock Global Allocation VP	INI	6.29%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica BlackRock Global Allocation VP	SVC	95.59%
AEGON Financial Partners - Florida Transamerica Premier Life Ins Co WRL Series Life Account 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica BlackRock Tactical Allocation VP	INI	97.73%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica BlackRock Tactical Allocation VP	SVC	93.19%
TCM Division Transamerica Financial Life Ins Co Separate Account VA Bny 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica BlackRock Tactical Allocation VP	SVC	5.75%
Transamerica No Company Assigned Transamerica Asset Alloc-Moderate 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Clarion Global Real Estate Securities VP	INI	26.87%
Transamerica No Company Assigned Transamerica Asset Alloc-Mod Grwth 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Clarion Global Real Estate Securities VP	INI	19.72%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Clarion Global Real Estate Securities VP	INI	14.37%
AEGON Financial Partners - Florida Transamerica Premier Life Ins Co WRL Series Life Account 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Clarion Global Real Estate Securities VP	INI	12.10%
TCM Division Transamerica Premier Life Ins Co WRL Series Annuity Account 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Clarion Global Real Estate Securities VP	INI	8.86%
Transamerica No Company Assigned Transamerica Asset Alloc-Int Modgr 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Clarion Global Real Estate Securities VP	INI	7.75%

Name & Address	Portfolio Name	Class	Pct
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Clarion Global Real Estate Securities VP	SVC	86.72%
TCM Division Transamerica Premier Life Ins Co Separate Account VA U 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Clarion Global Real Estate Securities VP	SVC	6.50%
TCM Division Transamerica Financial Life Ins Co Separate Account VA Bny 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Clarion Global Real Estate Securities VP	SVC	5.04%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Voya Balanced Allocation VP	SVC	99.86%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Voya Conservative Allocation VP	SVC	91.22%
AEGON Financial Partners - Florida Transamerica Asset Management, Inc. Transamerica Asset Manage - Seed 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Voya Conservative Allocation VP	SVC	7.83%
Transamerica No Company Assigned Transamerica Asset Alloc-Moderate 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Voya Intermediate Bond VP	INI	96.94%
AEGON Financial Partners - Florida Transamerica Asset Management, Inc. Transamerica Asset Manage - Seed 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Voya Intermediate Bond VP	SVC	56.62%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Voya Intermediate Bond VP	SVC	43.38%
Transamerica No Company Assigned Transamerica Asset Alloc-Mod Grwth 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Voya Large Cap Growth VP	INI	99.91%
AEGON Financial Partners - Florida Transamerica Asset Management, Inc. Transamerica Asset Manage - Seed 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Voya Large Cap Growth VP	SVC	79.51%

Name & Address	Portfolio Name	Class	Pct
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Voya Large Cap Growth VP	SVC	20.49%
Transamerica No Company Assigned Transamerica Asset Alloc - Conserv 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Voya Limited Maturity Bond VP	INI	66.27%
Transamerica No Company Assigned Transamerica Asset Alloc-Moderate 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Voya Limited Maturity Bond VP	INI	33.66%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Voya Limited Maturity Bond VP	SVC	75.11%
AEGON Financial Partners - Florida Transamerica Asset Management, Inc. Transamerica Asset Manage - Seed 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Voya Limited Maturity Bond VP	SVC	18.03%
TCM Division Transamerica Financial Life Ins Co Separate Account VA Bny 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Voya Limited Maturity Bond VP	SVC	6.87%
Transamerica No Company Assigned Transamerica Asset Alloc-Mod Grwth 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Voya Mid Cap Opportunities VP	INI	38.86%
Transamerica No Company Assigned Transamerica Asset Alloc-Moderate 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Voya Mid Cap Opportunities VP	INI	36.89%
Transamerica No Company Assigned Transamerica Asset Alloc - Conserv 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Voya Mid Cap Opportunities VP	INI	16.53%
Transamerica No Company Assigned Transamerica Asset Alloc - Growth 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Voya Mid Cap Opportunities VP	INI	7.59%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Voya Mid Cap Opportunities VP	SVC	60.98%

Name & Address	Portfolio Name	Class	Pct
AEGON Financial Partners - Florida Transamerica Asset Management, Inc. Transamerica Asset Manage - Seed 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Voya Mid Cap Opportunities VP	SVC	39.02%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Voya Moderate Growth Allocation VP	SVC	97.65%
AEGON Financial Partners - Florida Transamerica Premier Life Ins Co WRL Series Life Account 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica International Moderate Growth VP	INI	63.56%
TCM Division Transamerica Premier Life Ins Co WRL Series Annuity Account 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica International Moderate Growth VP	INI	26.89%
AEGON Financial Partners - Florida Transamerica Financial Life Ins Co Tflic Series Life Account 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica International Moderate Growth VP	INI	6.54%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica International Moderate Growth VP	SVC	87.67%
TCM Division Transamerica Financial Life Ins Co Separate Account VA Bny 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica International Moderate Growth VP	SVC	5.34%
AEGON Financial Partners - Florida Transamerica Premier Life Ins Co WRL Series Life Account 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Janus Balanced VP	INI	98.40%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Janus Balanced VP	SVC	89.99%
TCM Division Transamerica Financial Life Ins Co Separate Account VA Bny 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Janus Balanced VP	SVC	8.76%
Transamerica No Company Assigned Transamerica Asset Alloc-Mod Grwth 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Jennison Growth VP	INI	28.85%

Name & Address	Portfolio Name	Class	Pct
Transamerica No Company Assigned Transamerica Asset Alloc-Moderate 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Jennison Growth VP	INI	23.49%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Jennison Growth VP	INI	21.40%
Transamerica No Company Assigned Transamerica Asset Alloc - Growth 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Jennison Growth VP	INI	9.90%
Transamerica Asset Allocation – BlackRock Tactical Allocation VP 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Jennison Growth VP	INI	6.24%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Jennison Growth VP	SVC	73.98%
TCM Division Transamerica Financial Life Ins Co Separate Account VA Bny 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Jennison Growth VP	SVC	14.08%
TCM Division Transamerica Premier Life Ins Co Separate Account VA U 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Jennison Growth VP	SVC	6.88%
Transamerica Asset Allocation – BlackRock Tactical Allocation VP 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica JPMorgan Core Bond VP	INI	78.75%
TCM Division Transamerica Premier Life Ins Co WRL Series Annuity Account 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica JPMorgan Core Bond VP	INI	10.11%
AEGON Financial Partners - Florida Transamerica Premier Life Ins Co WRL Series Life Account 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica JPMorgan Core Bond VP	INI	8.85%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica JPMorgan Core Bond VP	SVC	84.77%
TCM Division Transamerica Financial Life Ins Co Separate Account VA Bny 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica JPMorgan Core Bond VP	SVC	9.60%

Name & Address	Portfolio Name	Class	Pct
Transamerica Asset Allocation – BlackRock Tactical Allocation VP 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica JPMorgan Enhanced Index VP	INI	51.22%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica JPMorgan Enhanced Index VP	INI	34.55%
TCM Division Transamerica Premier Life Ins Co WRL Series Annuity Account 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica JPMorgan Enhanced Index VP	INI	5.62%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica JPMorgan Enhanced Index VP	SVC	80.56%
TCM Division Transamerica Premier Life Ins Co Separate Account VA U 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica JPMorgan Enhanced Index VP	SVC	11.51%
TCM Division Transamerica Financial Life Ins Co Separate Account VA Bny 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica JPMorgan Enhanced Index VP	SVC	5.22%
Transamerica No Company Assigned Transamerica Asset Alloc-Moderate 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica JPMorgan Mid Cap Value VP	INI	37.04%
Transamerica No Company Assigned Transamerica Asset Alloc-Mod Grwth 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica JPMorgan Mid Cap Value VP	INI	35.99%
Transamerica No Company Assigned Transamerica Asset Alloc - Conserv 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica JPMorgan Mid Cap Value VP	INI	10.65%
Transamerica No Company Assigned Transamerica Asset Alloc - Growth 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica JPMorgan Mid Cap Value VP	INI	8.68%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica JPMorgan Mid Cap Value VP	SVC	87.01%

Name & Address	Portfolio Name	Class	Pct
TCM Division Transamerica Financial Life Ins Co Separate Account VA Bny 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica JPMorgan Mid Cap Value VP	SVC	12.53%
AEGON Financial Partners - Florida Transamerica Premier Life Ins Co WRL Series Life Account 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica JPMorgan Tactical Allocation VP	INI	47.26%
TCM Division Transamerica Premier Life Ins Co WRL Series Annuity Account 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica JPMorgan Tactical Allocation VP	INI	43.72%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica JPMorgan Tactical Allocation VP	SVC	93.06%
TCM Division Transamerica Financial Life Ins Co Separate Account VA Bny 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica JPMorgan Tactical Allocation VP	SVC	5.85%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Legg Mason Dynamic Allocation - Balanced VP	SVC	92.86%
TCM Division Transamerica Financial Life Ins Co Separate Account VA Bny 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Legg Mason Dynamic Allocation - Balanced VP	SVC	6.96%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Legg Mason Dynamic Allocation - Growth VP	SVC	88.11%
TCM Division Transamerica Financial Life Ins Co Separate Account VA Bny 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Legg Mason Dynamic Allocation - Growth VP	SVC	11.61%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Madison Balanced Allocation VP	SVC	100.00%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Madison Conservative Allocation VP	SVC	100.00%

Name & Address	Portfolio Name	Class	Pct
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Madison Diversified Income VP	SVC	100.00 %
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Market Participation Strategy VP	SVC	93.71%
TCM Division Transamerica Financial Life Ins Co Separate Account VA Bny 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Market Participation Strategy VP	SVC	6.21%
Transamerica Asset Allocation – BlackRock Tactical Allocation VP 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica MFS International Equity VP	INI	37.07%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica MFS International Equity VP	INI	29.61%
TCM Division Transamerica Premier Life Ins Co WRL Series Annuity Account 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica MFS International Equity VP	INI	16.22%
AEGON Financial Partners - Florida Transamerica Premier Life Ins Co WRL Series Life Account 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica MFS International Equity VP	INI	14.70%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica MFS International Equity VP	SVC	85.57%
TCM Division Transamerica Premier Life Ins Co Separate Account VA U 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica MFS International Equity VP	SVC	5.62%
TCM Division Transamerica Financial Life Ins Co Separate Account VA Bny 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica MFS International Equity VP	SVC	5.40%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Morgan Stanley Capital Growth VP	INI	58.02%

Name & Address	Portfolio Name	Class	Pct
AEGON Financial Partners - Florida Transamerica Premier Life Ins Co WRL Series Life Account 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Morgan Stanley Capital Growth VP	INI	20.97%
TCM Division Transamerica Premier Life Ins Co WRL Series Annuity Account 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Morgan Stanley Capital Growth VP	INI	18.67%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Morgan Stanley Capital Growth VP	SVC	85.09%
TCM Division Transamerica Premier Life Ins Co Separate Account VA U 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Morgan Stanley Capital Growth VP	SVC	9.76%
AEGON Financial Partners - Florida Transamerica Premier Life Ins Co WRL Series Life Account 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Morgan Stanley Mid-Cap Growth VP	INI	47.58%
TCM Division Transamerica Premier Life Ins Co WRL Series Annuity Account 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Morgan Stanley Mid-Cap Growth VP	INI	18.03%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Morgan Stanley Mid-Cap Growth VP	INI	13.07%
Transamerica No Company Assigned Transamerica Asset Alloc-Mod Grwth 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Morgan Stanley Mid-Cap Growth VP	INI	9.58%
Transamerica Asset Allocation – BlackRock Tactical Allocation VP 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Morgan Stanley Mid-Cap Growth VP	INI	5.32%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Morgan Stanley Mid-Cap Growth VP	SVC	59.06%
TCM Division Merrill Lynch Life Insurance Co Ml Life VA Separate Acct A 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Morgan Stanley Mid-Cap Growth VP	SVC	25.59%

Name & Address	Portfolio Name	Class	Pct
TCM Division Transamerica Premier Life Ins Co Separate Account VA U 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Morgan Stanley Mid-Cap Growth VP	SVC	7.61%
TCM Division Transamerica Premier Life Ins Co WRL Series Annuity Account 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Multi-Managed Balanced VP	INI	39.62%
AEGON Financial Partners - Florida Transamerica Premier Life Ins Co WRL Series Life Account 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Multi-Managed Balanced VP	INI	37.10%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Multi-Managed Balanced VP	INI	20.18%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Multi-Managed Balanced VP	SVC	83.38%
TCM Division Transamerica Premier Life Ins Co Separate Account VA U 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Multi-Managed Balanced VP	SVC	7.18%
AEGON Financial Partners - Florida Transamerica Asset Management, Inc. Transamerica Asset Manage - Seed 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Multi-Manager Alternative Strategies VP	INI	100.00%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Multi-Manager Alternative Strategies VP	SVC	81.37%
AEGON Financial Partners - Florida Transamerica Asset Management, Inc. Transamerica Asset Manage - Seed 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Multi-Manager Alternative Strategies VP	SVC	14.97%
AEGON Financial Partners - Florida Transamerica Premier Life Ins Co WRL Series Life Account 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica PIMCO Tactical - Balanced VP	INI	98.22%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica PIMCO Tactical - Balanced VP	SVC	93.84%

Name & Address	Portfolio Name	Class	Pct
TCM Division Transamerica Financial Life Ins Co Separate Account VA Bny 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica PIMCO Tactical - Balanced VP	SVC	5.18%
AEGON Financial Partners - Florida Transamerica Premier Life Ins Co WRL Series Life Account 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica PIMCO Tactical - Conservative VP	INI	98.48%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica PIMCO Tactical - Conservative VP	SVC	91.15%
TCM Division Transamerica Financial Life Ins Co Separate Account VA Bny 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica PIMCO Tactical - Conservative VP	SVC	7.23%
AEGON Financial Partners - Florida Transamerica Premier Life Ins Co WRL Series Life Account 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica PIMCO Tactical - Growth VP	INI	97.21%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica PIMCO Tactical - Growth VP	SVC	91.45%
TCM Division Transamerica Financial Life Ins Co Separate Account VA Bny 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica PIMCO Tactical - Growth VP	SVC	7.80%
Transamerica Asset Allocation – BlackRock Tactical Allocation VP 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica PIMCO Total Return VP	INI	34.89%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica PIMCO Total Return VP	INI	26.51%
Transamerica No Company Assigned Transamerica Asset Alloc-Moderate 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica PIMCO Total Return VP	INI	18.05%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica PIMCO Total Return VP	SVC	89.59%

Name & Address	Portfolio Name	Class	Pct
TCM Division Transamerica Financial Life Ins Co Separate Account VA Bny 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica PIMCO Total Return VP	SVC	7.05%
Transamerica Madison Balanced Allocation VP Attn Fund Accounting 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica PineBridge Inflation Opportunities VP	INI	55.34%
Transamerica Madison Conservative Allocation VP Attn Fund Accounting 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica PineBridge Inflation Opportunities VP	INI	44.66%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica PineBridge Inflation Opportunities VP	SVC	92.63%
TCM Division Transamerica Financial Life Ins Co Separate Account VA Bny 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica PineBridge Inflation Opportunities VP	SVC	7.37%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica ProFund UltraBear VP	SVC	97.75%
Transamerica No Company Assigned Transamerica Asset Alloc-Mod Grwth 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Systematic Small/Mid Cap Value VP	INI	23.31%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Systematic Small/Mid Cap Value VP	INI	21.98%
AEGON Financial Partners - Florida Transamerica Premier Life Ins Co WRL Series Life Account 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Systematic Small/Mid Cap Value VP	INI	18.18%
TCM Division Transamerica Premier Life Ins Co WRL Series Annuity Account 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Systematic Small/Mid Cap Value VP	INI	15.00%
Transamerica No Company Assigned Transamerica Asset Alloc-Moderate 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Systematic Small/Mid Cap Value VP	INI	12.20%

Name & Address	Portfolio Name	Class	Pct
Transamerica No Company Assigned Transamerica Asset Alloc - Growth 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Systematic Small/Mid Cap Value VP	INI	5.76%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Systematic Small/Mid Cap Value VP	SVC	50.67%
TCM Division Merrill Lynch Life Insurance Co Ml Life VA Separate Acct A 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Systematic Small/Mid Cap Value VP	SVC	27.50%
TCM Division Transamerica Premier Life Ins Co Separate Account VA U 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Systematic Small/Mid Cap Value VP	SVC	14.22%
Transamerica No Company Assigned Transamerica Asset Alloc-Mod Grwth 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica T. Rowe Price Small Cap VP	INI	39.11%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica T. Rowe Price Small Cap VP	INI	28.09%
AEGON Financial Partners - Florida Transamerica Premier Life Ins Co WRL Series Life Account 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica T. Rowe Price Small Cap VP	INI	9.67%
Transamerica No Company Assigned Transamerica Asset Alloc - Growth 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica T. Rowe Price Small Cap VP	INI	9.06%
TCM Division Transamerica Premier Life Ins Co WRL Series Annuity Account 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica T. Rowe Price Small Cap VP	INI	8.60%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica T. Rowe Price Small Cap VP	SVC	83.05%
TCM Division Transamerica Financial Life Ins Co Separate Account VA Bny 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica T. Rowe Price Small Cap VP	SVC	11.98%

Name & Address	Portfolio Name	Class	Pct
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Torray Concentrated Growth VP	INI	84.05%
TCM Division Transamerica Premier Life Ins Co WRL Series Annuity Account 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Torray Concentrated Growth VP	INI	9.75%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Torray Concentrated Growth VP	SVC	75.48%
TCM Division Transamerica Financial Life Ins Co Separate Account VA Bny 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Torray Concentrated Growth VP	SVC	20.55%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica TS&W International Equity VP	INI	85.46%
Transamerica No Company Assigned Transamerica Asset Alloc-Int Modgr 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica TS&W International Equity VP	INI	10.17%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica TS&W International Equity VP	SVC	90.14%
TCM Division Transamerica Financial Life Ins Co Separate Account VA Bny 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica TS&W International Equity VP	SVC	5.06%
TCM Division Transamerica Premier Life Insurance Company Separate Account VA Cc 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Vanguard ETF Portfolio - Balanced VP	INI	44.24%
AEGON Financial Partners - Florida Transamerica Premier Life Ins Co WRL Series Life Account 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Vanguard ETF Portfolio - Balanced VP	INI	41.48%
TCM Division Transamerica Financial Life Ins Co Tflic Separate Account Vny 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Vanguard ETF Portfolio - Balanced VP	INI	14.07%

Name & Address	Portfolio Name	Class	Pct
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Vanguard ETF Portfolio - Balanced VP	SVC	92.56%
TCM Division Transamerica Financial Life Ins Co Separate Account VA Bny 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Vanguard ETF Portfolio - Balanced VP	SVC	7.18%
AEGON Financial Partners - Florida Transamerica Asset Management, Inc. Transamerica Asset Manage - Seed 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Vanguard ETF Portfolio - Conservative VP	INI	100.00 %
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Vanguard ETF Portfolio - Conservative VP	SVC	90.23%
TCM Division Transamerica Financial Life Ins Co Separate Account VA Bny 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Vanguard ETF Portfolio - Conservative VP	SVC	9.37%
TCM Division Transamerica Premier Life Insurance Company Separate Account VA Cc 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Vanguard ETF Portfolio - Growth VP	INI	56.19%
AEGON Financial Partners - Florida Transamerica Premier Life Ins Co WRL Series Life Account 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Vanguard ETF Portfolio - Growth VP	INI	42.70%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Vanguard ETF Portfolio - Growth VP	SVC	89.59%
TCM Division Transamerica Financial Life Ins Co Separate Account VA Bny 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Vanguard ETF Portfolio - Growth VP	SVC	9.91%
TCM Division Transamerica Life Insurance Company Separate Account Fund B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica WMC US Growth II VP	INI	100.00 %
AEGON Financial Partners - Florida Transamerica Premier Life Ins Co WRL Series Life Account 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica WMC US Growth VP	INI	40.48%

Name & Address	Portfolio Name	Class	Pct
TCM Division Transamerica Premier Life Ins Co WRL Series Annuity Account 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica WMC US Growth VP	INI	18.75%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica WMC US Growth VP	INI	13.68%
Transamerica No Company Assigned Transamerica Asset Alloc-Moderate 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica WMC US Growth VP	INI	8.03%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica WMC US Growth VP	SVC	47.61%
TCM Division Merrill Lynch Life Insurance Co Ml Life VA Separate Acct A 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica WMC US Growth VP	SVC	31.21%
TCM Division Transamerica Premier Life Ins Co Separate Account VA U 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica WMC US Growth VP	SVC	12.17%

Control Persons

Any shareholder who holds beneficially 25% or more of a portfolio may be deemed to control the portfolio until such time as it holds beneficially less than 25% of the outstanding common shares of the portfolio. Any shareholder controlling a portfolio may be able to determine the outcome of issues that are submitted to shareholders for vote, and may be able to take action regarding the portfolio without the consent or approval of the other shareholders.

As of October 15, 2014, the shareholders who held beneficially 25% or more of a portfolio were as follows:

Name & Address	Portfolio Name	Percentage of Portfolio Owned
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Aegon Active Asset Allocation - Conservative VP	91.71%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Aegon Active Asset Allocation - Moderate Growth VP	86.55%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Aegon Active Asset Allocation - Moderate VP	93.73%

Name & Address	Portfolio Name	Percentage of Portfolio Owned
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Aegon High Yield Bond VP	44.67%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Aegon High Yield Bond VP	38.10%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Aegon Money Market VP	56.05%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Aegon U.S. Government Securities VP	53.77%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica AllianceBernstein Dynamic Allocation VP	84.81%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Asset Allocation - Conservative VP	65.85%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Asset Allocation - Growth VP	31.95%
AEGON Financial Partners - Florida Transamerica Premier Life Ins Co WRL Series Life Account 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Asset Allocation - Growth VP	26.26%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Asset Allocation - Moderate Growth VP	64.04%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Asset Allocation - Moderate VP	78.23%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Barrow Hanley Dividend Focused VP	45.39%

Name & Address	Portfolio Name	Percentage of Portfolio Owned
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica BlackRock Global Allocation VP	88.62%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica BlackRock Tactical Allocation VP	91.29%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Voya Balanced Allocation VP	99.86%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Voya Conservative Allocation VP	91.22%
Transamerica No Company Assigned Transamerica Asset Alloc-Moderate 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Voya Intermediate Bond VP	96.78%
Transamerica No Company Assigned Transamerica Asset Alloc-Mod Grwth 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Voya Large Cap Growth VP	99.60%
Transamerica No Company Assigned Transamerica Asset Alloc - Conserv 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Voya Limited Maturity Bond VP	65.74%
Transamerica No Company Assigned Transamerica Asset Alloc-Moderate 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Voya Limited Maturity Bond VP	33.39%
Transamerica No Company Assigned Transamerica Asset Alloc-Mod Grwth 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Voya Mid Cap Opportunities VP	38.76%
Transamerica No Company Assigned Transamerica Asset Alloc-Moderate 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Voya Mid Cap Opportunities VP	36.80%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Voya Moderate Growth Allocation VP	97.65%

Name & Address	Portfolio Name	Percentage of Portfolio Owned
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica International Moderate Growth VP	85.20%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Janus Balanced VP	87.35%
Transamerica No Company Assigned Transamerica Asset Alloc-Mod Grwth 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Jennison Growth VP	26.61%
Transamerica Asset Allocation – BlackRock Tactical Allocation VP 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica JPMorgan Core Bond VP	60.44%
Transamerica Asset Allocation – BlackRock Tactical Allocation VP 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica JPMorgan Enhanced Index VP	46.13%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica JPMorgan Enhanced Index VP	31.11%
Transamerica No Company Assigned Transamerica Asset Alloc-Moderate 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica JPMorgan Mid Cap Value VP	32.04%
Transamerica No Company Assigned Transamerica Asset Alloc-Mod Grwth 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica JPMorgan Mid Cap Value VP	31.14%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica JPMorgan Tactical Allocation VP	81.15%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Legg Mason Dynamic Allocation - Balanced VP	92.86%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Legg Mason Dynamic Allocation - Growth VP	88.11%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Madison Balanced Allocation VP	100.00%

Name & Address	Portfolio Name	Percentage of Portfolio Owned
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Madison Conservative Allocation VP	100.00%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Madison Diversified Income VP	100.00%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Market Participation Strategy VP	93.71%
Transamerica Asset Allocation – BlackRock Tactical Allocation VP 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica MFS International Equity VP	29.45%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Morgan Stanley Capital Growth VP	48.81%
AEGON Financial Partners - Florida Transamerica Premier Life Ins Co WRL Series Life Account 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Morgan Stanley Mid-Cap Growth VP	41.43%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Multi-Managed Balanced VP	38.23%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Multi-Manager Alternative Strategies VP	81.37%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica PIMCO Tactical - Balanced VP	92.54%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica PIMCO Tactical - Conservative VP	84.23%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica PIMCO Tactical - Growth VP	84.50%

Name & Address	Portfolio Name	Percentage of Portfolio Owned
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica PIMCO Total Return VP	44.67%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica PineBridge Inflation Opportunities VP	92.26%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica ProFund UltraBear VP	97.75%
Transamerica No Company Assigned Transamerica Asset Alloc-Mod Grwth 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica T. Rowe Price Small Cap VP	28.84%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Torray Concentrated Growth VP	69.78%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica TS&W International Equity VP	66.08%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Vanguard ETF Portfolio - Balanced VP	92.49%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Vanguard ETF Portfolio - Conservative VP	90.23%
TCM Division Transamerica Life Insurance Company Separate Account VA B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica Vanguard ETF Portfolio - Growth VP	89.17%
TCM Division Transamerica Life Insurance Company Separate Account Fund B 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica WMC US Growth II VP	100.00%
AEGON Financial Partners - Florida Transamerica Premier Life Ins Co WRL Series Life Account 570 Carillon Pkwy St Petersburg FL 33716-1294	Transamerica WMC US Growth VP	37.80%

Transamerica Life Insurance Company is organized in Iowa and is wholly owned by Transamerica International Holdings, Inc., which is wholly owned by Aegon USA, LLC, which is wholly owned by Aegon U.S. Holding Corporation, which is wholly owned by Transamerica Corporation, which is wholly owned by The Aegon Trust.

Transamerica Premier Life Insurance Company is organized in Iowa and is owned by Commonwealth General Corporation (87.72%) and Aegon USA, LLC (12.28%). Commonwealth General Corporation is wholly owned by Aegon USA, LLC, which is wholly owned by Aegon U.S. Holding Corporation, which is wholly owned by Transamerica Corporation, which is wholly owned by The Aegon Trust.

The asset allocation portfolios are series of the Trust.

Management Ownership

As of October 15, 2014, the Trustees and officers as a group owned less than 1% of any class of each portfolio's outstanding shares.

Further Information About the Trust and Portfolio Shares

Transamerica Series Trust is governed by an Amended and Restated Agreement and Declaration of Trust ("Declaration of Trust") dated November 1, 2007.

Because Trust shares are sold to Separate Accounts established to receive and invest premiums received under Policies and purchase payments received under the Contracts, it is conceivable that, in the future, it may become disadvantageous for variable life insurance Separate Accounts of the Life Companies to invest in the Trust simultaneously. Neither the Life Companies nor the Trust currently foresees any such disadvantages or conflicts. Any Life Company may notify the Trust's Board of a potential or existing conflict. The Trust's Board will then determine if a material conflict exists and what action, if any, is needed.

Such action could include the sale of Trust shares by one or more of the Separate Accounts, which could have adverse consequences. Material conflicts could result from, for example, (1) changes in state insurance laws, (2) changes in federal income tax laws, or (3) differences in voting instructions between those given by the Policyowners. The Trust's Board might conclude that separate portfolios should be established under the Separate Accounts. If this happens, the affected Life Companies will bear the attendant expenses of establishing separate portfolios. As a result, Policyowners would no longer have the economies of scale typically resulting from a larger combined portfolio.

The Trust offers shares of each portfolio. All shares of a portfolio have equal voting rights, but only shares of a particular portfolio are entitled to vote on matters concerning only that portfolio. Each of the issued and outstanding shares of a portfolio is entitled to one vote and to participate equally in dividends and distributions declared by the portfolio and, upon liquidation or dissolution, to participate equally in the net assets of the portfolio remaining after satisfaction of outstanding liabilities. The shares of a portfolio, when issued, will be fully paid and nonassessable, have no preferences, preemptive, conversion, exchange or similar rights, and will be freely transferable. Shares do not have cumulative voting rights.

Only the Separate Accounts of the Life Companies may hold shares of the Trust and are entitled to exercise the rights directly as described above. To the extent required by law, the Life Companies will vote the Trust's shares held in the Separate Accounts, including Trust shares which are not attributable to Policyowners, at meetings of the Trust, in accordance with instructions received from persons having voting interests in the corresponding sub-accounts of the Separate Accounts. The Life Companies will vote portfolio shares held in the Separate Accounts for which no timely instructions are received from the Policyowners, as well as shares they own, in the same proportion as those shares for which such Life Company receives voting instructions, thus a small number of Policyowners could determine the outcome of a vote. A portfolio is not required to hold an annual meeting of shareholders, but a portfolio will call special meetings of shareholders whenever required by the 1940 Act, or by the terms of the Declaration. If the 1940 Act or any regulation thereunder should be amended, or if present interpretation thereof should change, and as a result it is determined that the Life Companies are permitted to vote the Trust's shares in their own right, they may elect to do so. The rights of Policyowners are described in more detail in the prospectuses or disclosure documents for the policies and the annuity contracts, respectively.

Taxes

Shares of the portfolios are offered only to the Separate Accounts, which fund the Policies and Contracts, and to the Asset Allocation Portfolios and to other portfolios. See the respective prospectuses for the Policies and Contracts for a discussion of the special taxation of insurance companies with respect to the Separate Accounts and of the Policies, the Contracts and the holders thereof.

Each portfolio has either qualified, and expects to continue to qualify, or will qualify in its initial year, and expects thereafter to continue to qualify, for treatment as a regulated investment company (a "RIC") under the Internal Revenue Code of 1986, as amended (the "Code"). In order to qualify for that treatment, a portfolio must distribute to its stockholders for each taxable year at least the sum of 90% of its investment company taxable income, computed without regard to the dividends-paid deduction, and 90% of its net exempt-interest income, if any. Each portfolio must also meet several other requirements. These requirements include the following: (1) the portfolio must derive at least 90% of its gross income each taxable year from dividends, interest, payments with respect to certain securities loans, gains from the sale or other disposition of stock, securities or foreign currencies, other income (including gains from options, futures or forward contracts) derived with respect to its business of investing in such stock, securities or currencies, and net income derived from an interest in a qualified publicly traded partnership (the "Income Requirement"); (2) at the close of each quarter of the portfolio's taxable year, at least 50% of the value of its total assets must be represented by cash and cash items, U.S. Government securities, securities of other RICs, and other securities (limited in respect of any one issuer of such other securities to an amount not greater than 5% of the value of the portfolio's total assets and to not more than 10% of the outstanding voting securities of the issuer); and (3) at the close of each quarter of the portfolio's taxable year, not more than 25% of the value of its total assets may be invested in securities (other than U.S. Government securities or the securities of other RICs) of any one issuer, in those of two or more issuers that the portfolio controls and that are engaged in the same or similar trade or business, or in those of one or more qualified publicly traded partnerships. If each portfolio qualifies as a RIC and timely distributes to its shareholders substantially all of its net income and net capital gain, then each portfolio should have little or no income taxable to it under the Code.

As noted in the prospectus, certain separate accounts are required to meet diversification requirements under Section 817(h) of the Code and the regulations thereunder in order for the Policies and Contracts funded by those separate accounts to qualify for their expected tax treatment. Such requirements place certain limitations on the proportion of a separate account's assets that may be represented by any four or fewer investments. Specifically, such a separate account must in general diversify its holdings so that on the last day of each calendar quarter (or within 30 days after such last day) no more than 55% of its assets are represented by any one investment, no more than 70% by any two investments, no more than 80% by any three investments, and no more than 90% by any four investments. For purposes of Section 817(h) of the Code, all securities of the same issuer are treated as a single investment, all interests in the same real property project are treated as a single investment, and all interests in the same commodity are treated as a single investment. In addition, each U.S. government agency or instrumentality is treated as a separate issuer, while the securities of any particular foreign government and its agencies, instrumentalities and political subdivisions all will be considered securities issued by the same issuer.

If a portfolio qualifies as a RIC and its shares are held only by certain tax-exempt trusts and separate accounts and certain other permitted investors (including the Asset Allocation Portfolios and certain other portfolios if they are themselves only owned by those permitted investors), the Section 817(h) diversification requirements will be applied by looking through to the assets of the portfolio, rather than treating the interest in the portfolio as a separate investment of each separate account investing in the portfolio. Each portfolio intends to comply with the Section 817(h) diversification requirements so that, assuming such look-through treatment is available, any separate account invested wholly in that portfolio would satisfy those diversification requirements.

If a portfolio fails to qualify for treatment as a RIC, the portfolio will be subject to federal corporate taxes on its taxable income and gains (without any deduction for its distributions to its shareholders), and distributions to its shareholders will constitute ordinary income to the extent of such portfolio's available earnings and profits. In addition, if a portfolio fails to qualify as a RIC, fails to comply with the diversification requirements of Section 817(h) of the Code and the regulations thereunder, or fails to limit the holding of portfolio shares to the permitted investors described above, then Policies and Contracts funded by that portfolio (or by any Asset Allocation Portfolio or other portfolio invested in that portfolio) might not qualify as life insurance policies or annuity contracts under the Code, and Policyowners could be currently taxed on all investment earnings under their Policies and Contracts that have accrued during or prior to the year in which the failure occurs. In such a case, current taxation could also be required in all future taxable periods. For additional information concerning the consequences of failure to meet the requirements of Section 817(h), see the prospectuses for the Policies or the Contracts. Under certain circumstances, a portfolio may be able to cure a failure to meet the requirements for qualification as a RIC, but in order to do so, the portfolio may incur significant portfolio-level taxes and may be forced to dispose of certain assets.

For a Policy or a Contract to qualify for tax-favored treatment, assets in the Separate Accounts supporting the Policy or Contract must be considered to be owned by the insurance company and not by the Policyowner. Under U.S. tax law, if a policyowner has excessive control over the investments made by a separate account, the owner will be taxed currently on income and gains from the account or portfolio.

Generally, according to the IRS, there are two ways that impermissible investor control may exist. The first relates to the design of the policy or contract or the relationship between the policy or contract and a separate account or underlying portfolio. For example, at various times, the IRS has focused on, among other factors, the number and type of investment choices available pursuant to a given variable policy or contract, whether the policy or contract offers access to portfolios that are available to the general public, the number of transfers that a policy or contract owner may make from one investment option to another, and the degree to which a policy or contract owner may select or control particular investments.

With respect to this first aspect of investor control, the relationship between the portfolios and the Policies and Contracts is designed to satisfy the current expressed view of the IRS on this subject, such that the investor control doctrine should not apply. However, because of some uncertainty with respect to this subject and because the IRS may issue further guidance on this subject, the portfolios reserve the right to make such changes as are deemed necessary or appropriate to reduce the risk that a Policy or Contract might be subject to current taxation because of investor control.

The second way that impermissible investor control might exist concerns actions of Policyowners. Under the IRS pronouncements, a Policyowner may not select or control particular investments, other than choosing among broad investment choices such as selecting a particular portfolio. A Policyowner thus may not select or direct the purchase or sale of a particular investment of the portfolios. All investment decisions concerning the portfolios must be made by the portfolio managers in their sole and absolute discretion, and not by a Policyowner.

Furthermore, under the IRS pronouncements, a Policyowner may not communicate directly or indirectly with such portfolio managers or any related investment officers concerning the selection, quality, or rate of return of any specific investment or group of investments held by the portfolios.

The IRS may issue additional guidance on the investor control doctrine, which might further restrict Policyowners' actions or features of Policies or Contracts. Such guidance could be applied retroactively. If any of the rules outlined above are not complied with, the IRS may seek to tax Policyowners currently on income and gains from the portfolios such that Policyowners would not derive the tax benefits normally associated with variable life insurance or variable annuities. Such an event may have an adverse impact on the Policies and Contracts.

Under the Code, RICs are generally subject to a nondeductible 4% federal excise tax on a portion of their undistributed ordinary income and capital gain net income if they fail to meet certain distribution requirements. However, the Code includes an exception for certain RICs held only by segregated asset accounts of life insurance companies in connection with variable contracts and by certain other holders, including other RICs that would themselves qualify for the exception. The portfolios intend to qualify for this exception and accordingly do not expect to be subject to the excise tax. To the extent they do not qualify for the exception, the portfolios intend to make any required distributions in a timely manner.

If a portfolio invests in certain pay-in-kind securities, zero coupon securities, deferred interest securities or, in general, any other securities with original issue discount (or with market discount if the portfolio elects to include market discount in income currently), the portfolio will accrue income on such investments for each taxable year, prior to the receipt of corresponding cash payments. However, the portfolio must distribute to its shareholders, at least annually, all or substantially all of its investment company taxable income (determined without regard to the deduction for dividends paid), including such accrued income, to qualify for treatment as a RIC under the Code and avoid U.S. federal income and excise taxes. Therefore, the portfolio may have to dispose of portfolio securities, potentially under disadvantageous circumstances, to generate cash, or may have to borrow the cash, to satisfy distribution requirements. Such a disposition of securities may potentially result in additional taxable gain or loss to the portfolio.

The use of hedging strategies, such as writing (selling) and purchasing options and futures contracts and entering into forward contracts, involves complex rules that will determine for income tax purposes the character and timing of recognition of the income received in connection therewith by the portfolios. Income from the disposition of foreign currencies, and income from transactions in options, futures, and forward contracts derived by a portfolio with respect to its business of investing in securities or foreign currencies, generally will qualify as permissible income for purposes of the Income Requirement.

Portfolios investing in foreign securities or currencies may be required to pay withholding, income or other taxes to foreign governments or U.S. possessions. The investment yield of any portfolio that invests in foreign securities or currencies would be reduced by any such foreign taxes. Policyowners investing in such portfolios indirectly bear the cost of any foreign taxes but will not be able to claim a foreign tax credit or deduction for these foreign taxes. Tax conventions between certain countries and the United States may reduce or eliminate these foreign taxes.

If a portfolio acquires stock in certain foreign corporations that receive at least 75% of their annual gross income from passive sources (such as interest, dividends, rents, royalties, or capital gain) or that hold at least 50% of their average total assets over the taxable year in investments that produce (or that are held for the production of) such passive income ("passive foreign investment companies"), that portfolio could be subject to federal income tax and additional interest charges on "excess distributions" received from such companies and gain from the sale of stock in such companies, even if all income or gain actually received by the portfolio is timely distributed to its shareholders. The portfolio would not be able to pass through to its shareholders any credit or deduction for such a tax. As a result, Policyowners of Policies and Contracts investing in such portfolios ultimately would bear the cost of these taxes and interest charges. Certain elections may ameliorate these adverse tax consequences. Any such election, however, may require the applicable portfolio to recognize taxable income or gain without the concurrent receipt of cash, and the portfolio must distribute to its shareholders, at least annually, all or substantially all of its investment company taxable income (determined without regard to the deduction for dividends paid), including such accrued income, to qualify for treatment as a RIC under the Code and avoid U.S. federal income and excise taxes. Therefore, the portfolio may have to dispose of portfolio securities, potentially under disadvantageous circumstances, to generate cash, or may have to borrow the cash, to satisfy distribution requirements. Such a disposition of securities may potentially result in additional taxable gain or loss to the portfolio. Any portfolio that acquires stock in foreign corporations may limit and/or manage its holdings in passive foreign investment companies to minimize or reduce its tax liability.

Certain portfolios may invest in ETFs and ETNs. Depending on an ETF's structure and its underlying investments, an ETF may produce income that is not permissible income for purposes of the Income Requirement. Any portfolio that invests in ETFs will limit and/or manage its holdings of ETFs with a view to complying with the requirements for qualification as a RIC. For tax purposes, ETNs are generally treated as debt obligations of the issuer, which generally produce permissible income for purposes of the Income Requirement.

Each portfolio (other than the Transamerica Aegon Money Market VP) will report to the IRS the amount of sale proceeds that a shareholder receives from a sale or exchange of portfolio shares. For sales or exchanges of shares acquired on or after January 1, 2012, each portfolio (other than the Transamerica Aegon Money Market VP) will also report the shareholder's basis in those shares and the character of any gain or loss that the shareholder realizes on the sale or exchange (i.e., short-term or long-term). If a shareholder has a different basis for different shares of a portfolio in the same account (e.g., if a shareholder purchased portfolio shares in the same account when the shares were at different prices), the portfolio or the shareholder's service agent (banks, brokers, dealers, insurance companies, investment advisers, financial consultants or advisers, mutual fund supermarkets and other financial intermediaries that have entered into an agreement with the portfolios' distributor to sell shares of the applicable portfolio), as applicable, will calculate the basis of the shares sold using its default method unless the shareholder has properly elected to use a different method. The portfolio's default method for calculating basis will be the average cost method. A shareholder may elect, on an account-by-account basis, to use a method other than average cost by following procedures established by the portfolio or the shareholder's service agent, as applicable. For purposes of calculating and reporting basis, shares acquired prior to January 1, 2012 and shares acquired on or after January 1, 2012 will be treated as held in separate accounts. If a shareholder elects to use a different method of basis calculation, the application of that method will depend on whether shares in an account have already been sold or exchanged. For information regarding available methods for calculating cost basis and procedures for electing a method other than the average cost method, shareholders who hold their shares directly with a portfolio may call the portfolio at 1-888-233-4339 Monday through Friday between 8:00 a.m. and 7:00 p.m. (Eastern Time). Shareholders who hold shares through a service agent should contact the service agent for information concerning the service agent's default method for calculating basis and procedures for electing to use an alternative method. Shareholders should consult their tax advisers concerning the tax consequences of applying the average cost method or electing another method of basis calculation.

The foregoing is only a general summary of some of the important federal income tax considerations generally affecting the portfolios and their shareholders. No attempt is made to present a complete explanation of the federal tax treatment of the portfolios' activities, and this discussion and the discussion in the prospectuses and/or statements of additional information for the Policies and Contracts are not intended as a substitute for careful tax planning. Accordingly, potential investors are urged to consult their own tax advisers for more detailed information and for information regarding any state, local, or foreign taxes applicable to the Policies, the Contracts and the Policyowners.

Financial Statements

The audited financial statements and financial highlights for the Trust as of December 31, 2013 have been filed with the SEC as part of the annual reports of the Trust (SEC Accession #0001193125-14-091110), and are hereby incorporated by reference into this SAI.

Appendix A – Proxy Voting Policies

Aegon USA Investment Management, LLC

Compliance Manual Securities Voting Policy

1. INTRODUCTION

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

AUIM primarily manages client portfolios of debt securities and does not function to a significant extent, as a manager of equity securities. For most clients, the issues with respect to which AUIM votes client securities generally involve amendments to loan documentation, borrower compliance with financial covenants, registration rights, prepayments, and insolvency and other distressed credit situations, rather than issues more commonly voted upon by holders or managers of equity securities, e.g. board of directors matters, general matters of corporate governance, choice of auditors and corporate social and environmental positions. Occasionally, however, AUIM's fixed income invested clients receive equity securities resulting from the restructure of debt security investments or other special situations. In addition, AUIM does manage several mutual funds, the investment strategy of which involves investments in exchange traded funds ("ETFs"). These ETFs are equity securities and have traditional proxies associated with them.

2. STATEMENT OF POLICY

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

Because the issues on which AUIM votes client debt securities are unique to each particular borrower and relevant fact situation, and do not lend themselves to broad characterization as do many issues associated with the voting of equity security proxies, AUIM does not maintain voting policy guidelines regarding categories of issues that may come before debt security holders from time to time. AUIM, however, has adopted such guidelines for use in situations in which AUIM votes client equity securities. These guidelines provide a roadmap for arriving at voting decisions and are not meant to be exhaustive of all issues that may be raised in any or all proxy ballots or other voting opportunities. The guidelines are attached to this Policy as Appendix A. To the extent relevant and appropriate, AUIM will consider these guidelines when voting client debt securities.

It is the responsibility of each AUIM personnel with authority to vote client securities to be aware of and vote client securities in accordance with this Policy. The Chief Compliance Officer and/or his designee is responsible for monitoring compliance with this Policy. At the discretion of the Chief Compliance Officer, issues related to this Policy may be raised to the level of the Risk and Control Committee (as that term is defined in the Code of Ethics) for their consideration.

3. USE OF INDEPENDENT THIRD PARTY

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

4. CONFLICTS OF INTEREST BETWEEN AUIM AND CLIENTS

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

a. Vote in accordance with the recommendation of the Independent Third Party;

b. Obtain the guidance of the client(s) whose account(s) is/are involved in the conflict;

c. Obtain the review of the General Counsel of AUIM, or

d. Vote in strict accordance with the Guidelines.

5. PROVISION OF THE POLICY TO CLIENTS

AUIM will make available to all clients a copy of its Policy. A copy of the Policy will be mailed, either electronically or through the postal service, to any client at any time upon request.

At a client's request, AUIM will make available information with respect to how AUIM voted that particular client's securities.

Effective: October 5, 2004
Revised: January 31, 2008
Revised: February 3, 2010

Revised: May 10, 2012

Aegon USA Investment Management, LLC

Securities Voting Policy
Appendix A
Securities Voting Policy Guidelines

The following is a concise summary of AUIM's securities voting policy guidelines.

1. AUDITORS

Vote FOR proposals to ratify auditors, unless any of the following apply:

- An auditor has a financial interest in or association with the company, and is therefore not independent,
- Fees for non-audit services are excessive, or
- There is reason to believe that the independent auditor has rendered an opinion that is neither accurate nor indicative of the company's financial position.

2. BOARD OF DIRECTORS

Voting on Director Nominees in Uncontested Elections

Votes on director nominees should be made on a CASE-BY-CASE basis, examining the following factors: independence of the board and key board committees, attendance at board meetings, corporate governance provisions and takeover activity, long-term company performance, responsiveness to shareholder proposals, any egregious board actions, and any excessive non-audit fees or other potential auditor conflicts.

Classification/Declassification of the Board

Vote AGAINST proposals to classify the board.

Vote FOR proposals to repeal classified boards and to elect all directors annually.

Independent Chairman (Separate Chairman/CEO)

Vote on a CASE-BY-CASE basis shareholder proposals requiring that the positions of chairman and CEO be held separately. Because some companies have governance structures in place that counterbalance a combined position, certain factors should be taken into account in determining whether the proposal warrants support. These factors include the presence of a lead director, board and committee independence, governance guidelines, company performance, and annual review by outside directors of CEO pay.

Majority of Independent Directors/Establishment of Committees

Vote FOR shareholder proposals asking that a majority or more of directors be independent unless the board composition already meets the proposed threshold by AUIM's definition of independence.

Vote FOR shareholder proposals asking that board audit, compensation, and/or nominating committees be composed exclusively of independent directors if they currently do not meet that standard.

3. SHAREHOLDER RIGHTS

Shareholder Ability to Act by Written Consent

Vote AGAINST proposals to restrict or prohibit shareholder ability to take action by written consent.

Vote FOR proposals to allow or make easier shareholder action by written consent.

Shareholder Ability to Call Special Meetings

Vote AGAINST proposals to restrict or prohibit shareholder ability to call special meetings.

Vote FOR proposals that remove restrictions on the right of shareholders to act independently of management.

Supermajority Vote Requirements

Vote AGAINST proposals to require a supermajority shareholder vote.

Vote FOR proposals to lower supermajority vote requirements.

Cumulative Voting

Vote AGAINST proposals to eliminate cumulative voting.

Vote proposals to restore or permit cumulative voting on a CASE-BY-CASE basis relative to the company's other governance provisions.

Confidential Voting

Vote FOR shareholder proposals requesting that corporations adopt confidential voting, use independent vote tabulators and use independent inspectors of election, as long as the proposal includes a provision for proxy contests as follows: In the case of a contested election, management should be permitted to request that the dissident group honor its confidential voting policy. If the dissidents agree, the policy remains in place. If the dissidents will not agree, the confidential voting policy is waived.

Vote FOR management proposals to adopt confidential voting.

4. PROXY CONTESTS

Voting for Director Nominees in Contested Elections

Votes in a contested election of directors must be evaluated on a CASE-BY-CASE basis, considering the factors that include the long-term financial performance, management's track record, qualifications of director nominees (both slates), and an evaluation of what each side is offering shareholders.

5. POISON PILLS

Vote FOR shareholder proposals that ask a company to submit its poison pill for shareholder ratification. Review on a CASE-BY-CASE basis shareholder proposals to redeem a company's poison pill and management proposals to ratify a poison pill.

6. MERGERS AND CORPORATE RESTRUCTURINGS

Vote CASE-BY-CASE on mergers and corporate restructurings based on such features as the fairness opinion, pricing, strategic rationale, and the negotiating process.

7. REINCORPORATION PROPOSALS

Proposals to change a company's state of incorporation should be evaluated on a CASE-BY-CASE basis, giving consideration to both financial and corporate governance concerns, including the reasons for reincorporating, a comparison of the governance provisions, and a comparison of the jurisdictional laws. Vote FOR reincorporation when the economic factors outweigh any neutral or negative governance changes.

8. CAPITAL STRUCTURE

Common Stock Authorization

Votes on proposals to increase the number of shares of common stock authorized for issuance are determined on a CASE-BY-CASE basis.

Vote on proposals at companies with dual-class capital structures to increase the number of authorized shares of the class of stock that has superior voting rights on a CASE-BY-CASE basis.

Vote on proposals to approve increases beyond the allowable increase when a company's shares are in danger of being delisted or if a company's ability to continue to operate as a going concern is uncertain on a CASE-BY-CASE basis.

Dual-class Stock

Vote on proposals to create a new class of common stock with superior voting rights on a CASE-BY-CASE basis.

Vote on proposals to create a new class of nonvoting or subvoting common stock on a CASE-BY-CASE basis, reviewing in particular if:

- It is intended for financing purposes with minimal or no dilution to current shareholders
- It is not designed to preserve the voting power of an insider or significant shareholder

9. EXECUTIVE AND DIRECTOR COMPENSATION

Votes with respect to compensation plans should be determined on a CASE-BY-CASE basis. AUIM reviews Executive and Director compensation plans (including broad-based option plans) in the context of the transfer of shareholder wealth. This review encompasses not only a comparison of a plan relative to peer companies, but also on an absolute basis, considering the cost of the plan vs. the operating income and overall profitability of the firm in question.

Vote AGAINST equity plans that explicitly permit repricing or where the company has a history of repricing without shareholder approval.

Management Proposals Seeking Approval to Reprice Options

Vote AGAINST proposals by management seeking approval to reprice options.

Employee Stock Purchase Plans

Votes on employee stock purchase plans should be determined on a CASE-BY-CASE basis.

Vote FOR employee stock purchase plans where all of the following apply:

- Purchase price is at least 85 percent of fair market value
- Offering period is 27 months or less, and

- Potential voting power dilution (VPD) is ten percent or less.

Vote AGAINST employee stock purchase plans where any of the opposite conditions apply.

Shareholder Proposals on Compensation

Vote on a CASE-BY-CASE basis for all other shareholder proposals regarding executive and director pay, taking into account company performance, pay level versus peers, pay level versus industry, and long term corporate outlook.

10. SOCIAL AND ENVIRONMENTAL ISSUES

These issues cover a wide range of topics, including consumer and public safety, environment and energy, general corporate issues, labor standards and human rights, military business, and workplace diversity.

In general, vote CASE-BY-CASE. While a wide variety of factors goes into each analysis, the overall principal guiding all vote recommendations focuses on how the proposal will enhance the economic value of the company.

AllianceBernstein L.P.

Statement of Policies and Procedures for Proxy Voting

1. INTRODUCTION

As a registered investment adviser, AllianceBernstein L.P. ("AllianceBernstein", "we" or "us") has a fiduciary duty to act solely in the best interests of our clients. We recognize that this duty requires us to vote client securities in a timely manner and make voting decisions that are intended to maximize long-term shareholder value. Generally, our clients' objective is to maximize the financial return of their portfolios within appropriate risk parameters. We have long recognized that environmental, social and governance ("ESG") issues can impact the performance of investment portfolios. Accordingly, we have sought to integrate ESG factors into our investment process to the extent that the integration of such factors is consistent with our fiduciary duty to help our clients achieve their investment objectives and protect their economic interests. Our Statement of Policy Regarding Responsible Investment ("RI Policy") is attached to this Statement as an Exhibit.

We consider ourselves shareholder advocates and take this responsibility very seriously. Consistent with our commitments, we will disclose our clients' voting records only to them and as required by mutual fund vote disclosure regulations. In addition, our Proxy Committee may, after careful consideration, choose to respond to surveys so long as doing so does not compromise confidential voting.

This statement is intended to comply with Rule 206(4)-6 of the Investment Advisers Act of 1940. It sets forth our policies and procedures for voting proxies for our discretionary investment advisory clients, including investment companies registered under the Investment Company Act of 1940. This statement applies to AllianceBernstein's investment groups investing on behalf of clients in both U.S. and non-U.S. securities.

2. PROXY POLICIES

Our proxy voting policies are principle-based rather than rules-based. We adhere to a core set of principles that are described in this Statement and in our Proxy Voting Manual. We assess each proxy proposal in light of those principles. Our proxy voting "litmus test" will always be what we view as most likely to maximize long-term shareholder value. We believe that authority and accountability for setting and executing corporate policies, goals and compensation should generally rest with the board of directors and senior management. In return, we support strong investor rights that allow shareholders to hold directors and management accountable if they fail to act in the best interests of shareholders. In addition, if we determine that ESG issues that arise with respect to an issuer's past, current or anticipated behaviors are, or are reasonably likely to become, material to its future earnings, we address these concerns in our proxy voting and engagement.

This statement is designed to be responsive to the wide range of proxy voting subjects that can have a significant effect on the investment value of the securities held in our clients' accounts. These policies are not exhaustive due to the variety of proxy voting issues that we may be required to consider. AllianceBernstein reserves the right to depart from these guidelines in order to make voting decisions that are in our clients' best interests. In reviewing proxy issues, we will apply the following general policies:

2.1 Corporate Governance

We recognize the importance of good corporate governance in our proxy voting policies and engagement practices in ensuring that management and the board of directors fulfill their obligations to shareholders. We favor proposals promoting transparency and accountability within a company. We support the appointment of a majority of independent directors on boards and key committees. Because we believe that good corporate governance requires shareholders to have a meaningful voice in the affairs of the company, we generally will support shareholder proposals which request that companies amend their by-laws to provide that director nominees be elected by an affirmative vote of a majority of the votes cast. Furthermore, we have written to the SEC in support of shareholder access to corporate proxy statements under specified conditions with the goal of serving the best interests of all shareholders.

2.2 Elections of Directors

Unless there is a proxy fight for seats on the Board or we determine that there are other compelling reasons to oppose directors, we will vote in favor of the management proposed slate of directors. That said, we believe that directors have a duty to respond to shareholder actions that have received significant shareholder support. Therefore, we may vote against directors (or withhold votes for directors where plurality voting applies) who fail to act on key issues such as failure to implement proposals to declassify the board, failure to implement a majority vote requirement, failure to submit a rights plan to a shareholder vote or failure to act on tender offers where a majority of shareholders have tendered their shares. In addition, we will vote against directors who fail to attend at least seventy-five percent of board meetings within a given year without a reasonable excuse, and we may abstain or vote against directors of non-U.S. issuers where there is insufficient information about the nominees disclosed in the proxy statement. Also, we will generally not oppose directors who meet the definition of independence promulgated by the primary exchange on which the company's shares are traded or set forth in the code we determine to be best practice in the country where the subject company is domiciled. Finally, because we believe that cumulative voting in single shareholder class structures provides a disproportionately large voice to minority shareholders in the affairs of a company, we will generally vote against such proposals and vote for management proposals seeking to eliminate cumulative voting. However, in dual class structures (such as A&B shares) where the shareholders with a majority economic interest have a minority voting interest, we will generally vote in favor of cumulative voting.

2.3 Appointment of Auditors

AllianceBernstein believes that the company is in the best position to choose its auditors, so we will generally support management's recommendation. However, we recognize that there are inherent conflicts when a company's independent auditor performs substantial non-audit services for the company. The Sarbanes-Oxley Act of 2002 prohibits certain categories of services by auditors to U.S. issuers, making this issue less prevalent in the U.S. Nevertheless, in reviewing a proposed auditor, we will consider the fees paid for non-audit services relative to total fees and whether there are other reasons for us to question the independence or performance of the auditors.

2.4 Changes in Legal and Capital Structure

Changes in a company's charter, articles of incorporation or by-laws are often technical and administrative in nature. Absent a compelling reason to the contrary, AllianceBernstein will cast its votes in accordance with management's recommendations on such proposals. However, we will review and analyze on a case-by-case basis any non-routine proposals that are likely to affect the structure and operation of the company or have a material economic effect on the company. For example, we will generally support proposals to increase authorized common stock when it is necessary to implement a stock split, aid in a restructuring or acquisition, or provide a sufficient number of shares for an employee savings plan, stock option plan or executive compensation plan. However, a satisfactory explanation of a company's intentions must be disclosed in the proxy statement for proposals requesting an increase of greater than 100% of the shares outstanding. We will oppose increases in authorized common stock where there is evidence that the shares will be used to implement a poison pill or another form of anti-takeover device. We will support shareholder proposals that seek to eliminate dual class voting structures.

2.5 Corporate Restructurings, Mergers and Acquisitions

AllianceBernstein believes proxy votes dealing with corporate reorganizations are an extension of the investment decision. Accordingly, we will analyze such proposals on a case-by-case basis, weighing heavily the views of our research analysts that cover the company and our investment professionals managing the portfolios in which the stock is held.

2.6 Proposals Affecting Shareholder Rights

AllianceBernstein believes that certain fundamental rights of shareholders must be protected. We will generally vote in favor of proposals that give shareholders a greater voice in the affairs of the company and oppose any measure that seeks to limit those rights. However, when analyzing such proposals we will weigh the financial impact of the proposal against the impairment of shareholder rights.

2.7 Anti-Takeover Measures

AllianceBernstein believes that measures that impede corporate transactions (such as takeovers) or entrench management not only infringe on the rights of shareholders but may also have a detrimental effect on the value of the company. Therefore, we will generally oppose proposals, regardless of whether they are advanced by management or shareholders, when their purpose or effect is to entrench management or excessively or inappropriately dilute shareholder ownership. Conversely, we support proposals that would restrict or otherwise eliminate anti-takeover or anti-shareholder measures that have already been adopted by corporate issuers. For example, we will support shareholder proposals that seek to require the company to submit a shareholder rights plan to a shareholder vote. We will evaluate, on a case-by-case basis, proposals to completely redeem or eliminate such plans. Furthermore, we will generally oppose proposals put forward by management (including the authorization of blank check preferred stock, classified boards and supermajority vote requirements) that appear to be anti-shareholder or intended as management entrenchment mechanisms.

2.8 Executive Compensation

AllianceBernstein believes that company management and the compensation committee of the board of directors should, within reason, be given latitude to determine the types and mix of compensation and benefits offered to company employees. Whether proposed by a shareholder or management, we will review proposals relating to executive compensation plans on a case-by-case basis to ensure that the long-term interests of management and shareholders are properly aligned. In general, we will analyze the proposed plan to ensure that shareholder equity will not be excessively diluted taking into account shares available for grant under the proposed plan as well as other existing plans. We generally will oppose plans that allow stock options to be granted with below market value exercise prices on the date of issuance or permit re-pricing of underwater stock options without shareholder approval. Other factors such as the company's performance and industry practice will generally be factored into our analysis. In markets where remuneration reports or advisory votes on executive compensation are not required for all companies, we will generally support shareholder proposals asking the board to adopt a policy (i.e., "say on pay") that the company's shareholders be given the opportunity to vote on an advisory resolution to approve the compensation practices of the company. Although "say on pay" votes are by nature only broad indications of shareholder views, they do lead to more compensation-related dialogue between management and shareholders and help ensure that management and shareholders meet their common objective: maximizing the value of the company. In markets where votes to approve remuneration reports or advisory votes on executive compensation are required, we review the compensation practices on a case-by-case basis. With respect to companies that have received assistance through government programs such as TARP, we will generally oppose shareholder proposals that seek to impose greater executive compensation restrictions on subject companies than are required under the applicable program because such restrictions could create a competitive disadvantage for the subject company. We believe the U.S. Securities and Exchange Commission ("SEC") took appropriate steps to ensure more complete and transparent disclosure of executive compensation when it issued modified executive compensation and corporate governance disclosure rules in 2006 and February 2010. Therefore, while we will consider them on a case-by-case basis, we generally vote against shareholder proposals seeking additional disclosure of executive and director compensation, including proposals that seek to specify the measurement of performance-based compensation, if the company is subject to SEC rules. We will support requiring a shareholder vote on management proposals to provide severance packages that exceed 2.99 times the sum of an executive officer's base salary plus bonus that are triggered by a change in control. Finally, we will support shareholder proposals requiring a company to expense compensatory employee stock options (to the extent the jurisdiction in which the company operates does not already require it) because we view this form of compensation as a significant corporate expense that should be appropriately accounted for.

2.9 ESG

We are appointed by our clients as an investment manager with a fiduciary responsibility to help them achieve their investment objectives over the long term. Generally, our clients' objective is to maximize the financial return of their portfolios within appropriate risk parameters. We have long recognized that ESG issues can impact the performance of investment portfolios. Accordingly, we have sought to integrate ESG factors into our investment and proxy voting processes to the extent that the integration of such factors is consistent with our fiduciary duty to help our clients achieve their investment objectives and protect their economic interests. For additional information regarding our approach to incorporating ESG issues in our investment and decision-making processes, please refer to our RI Policy, which is attached to this Statement as an Exhibit.

Shareholder proposals relating to environmental, social (including political) and governance issues often raise complex and controversial issues that may have both a financial and non-financial effect on the company. And while we recognize that the effect of certain policies on a company may be difficult to quantify, we believe it is clear that they do affect the company's long-term performance. Our position in evaluating these proposals is founded on the principle that we are a fiduciary. As such, we carefully consider any factors that we believe could affect a company's long-term investment performance (including ESG issues) in the course of our extensive fundamental, company-specific research and engagement, which we rely on in making our investment and proxy voting decisions. Maximizing long-term shareholder value is our overriding concern when evaluating these matters, so we consider the impact of these proposals on the future earnings of the company. In so doing, we will balance the assumed cost to a company of implementing one or more shareholder proposals against the positive effects we believe implementing the proposal may have on long-term shareholder value.

3 PROXY VOTING PROCEDURES

3.1 Engagement

In evaluating proxy issues and determining our votes, we welcome and seek out the points of view of various parties. Internally, the Proxy Committee may consult chief investment officers, directors of research, research analysts across our value and growth equity platforms, portfolio managers in whose managed accounts a stock is held and/or other Investment Policy Group members. Externally, the Proxy Committee may consult company management, company directors, interest groups, shareholder activists and research providers. If we believe an ESG issue is, or is reasonably likely to become, material, we engage a company's management to discuss the relevant issues.

3.2 Conflicts of Interest

AllianceBernstein recognizes that there may be a potential conflict of interest when we vote a proxy solicited by an issuer whose retirement plan we manage or administer, who distributes AllianceBernstein-sponsored mutual funds, or with whom we have, or one of our employees has, a business or personal relationship that may affect (or may be reasonably viewed as affecting) how we vote on the issuer's proxy. Similarly, AllianceBernstein may have a potentially material conflict of interest when deciding how to vote on a proposal sponsored or supported by a shareholder group that is a client. We believe that centralized management of proxy voting, oversight by the Proxy Committee and adherence to these policies ensures that proxies are voted based solely on our clients' best interests. Additionally, we have implemented procedures to ensure that our votes are not the product of a material conflict of interest, including: (i) on an annual basis, the Proxy Committee taking reasonable steps to evaluate (A) the nature of AllianceBernstein's and our employees' material business and personal relationships (and those of our affiliates) with any company whose equity securities are held in client accounts and (B) any client that has sponsored or has a material interest in a proposal upon which we will be eligible to vote; (ii) requiring anyone involved in the decision making process to disclose to the Chair of the Proxy Committee any potential conflict that he or she is aware of (including personal relationships) and any contact that he or she has had with any interested party regarding a proxy vote; (iii) prohibiting employees involved in the decision making process or vote administration from revealing how we intend to vote on a proposal in order to reduce any attempted influence from interested parties; and (iv) where a material conflict of interests exists, reviewing our proposed vote by applying a series of objective tests and, where necessary, considering the views of third party research services to ensure that our voting decision is consistent with our clients' best interests.

Because under certain circumstances AllianceBernstein considers the recommendation of third party research services, the Proxy Committee takes reasonable steps to verify that any third party research service is, in fact, independent taking into account all of the relevant facts and circumstances. This includes reviewing the third party research service's conflict management procedures and ascertaining, among other things, whether the third party research service (i) has the capacity and competency to adequately analyze proxy issues, and (ii) can make recommendations in an impartial manner and in the best interests of our clients.

3.3 Proxies of Certain Non-U.S. Issuers

Proxy voting in certain countries requires "share blocking." Shareholders wishing to vote their proxies must deposit their shares shortly before the date of the meeting with a designated depositary. During this blocking period, shares that will be voted at the meeting cannot be sold until the meeting has taken place and the shares are returned to the clients' custodian banks. Absent compelling reasons to the contrary, AllianceBernstein believes that the benefit to the client of exercising the vote is outweighed by the cost of voting (i.e., not being able to sell the shares during this period). Accordingly, if share blocking is required we generally choose not to vote those shares.

AllianceBernstein seeks to vote all proxies for securities held in client accounts for which we have proxy voting authority. However, in non-US markets, administrative issues beyond our control may at times prevent AllianceBernstein from voting such proxies. For example, AllianceBernstein may receive meeting notices after the cut-off date for voting or without sufficient time to fully consider the proxy. As another example, certain markets require periodic renewals of powers of attorney that local agents must have from our clients prior to implementing AllianceBernstein's voting instructions.

3.4 Loaned Securities

Many clients of AllianceBernstein have entered into securities lending arrangements with agent lenders to generate additional revenue. AllianceBernstein will not be able to vote securities that are on loan under these types of arrangements. However, under rare circumstances, for voting issues that may have a significant impact on the investment, we may request that clients recall securities that are on loan if we determine that the benefit of voting outweighs the costs and lost revenue to the client or fund and the administrative burden of retrieving the securities.

3.5 Proxy Committee

Our growth and value investment groups have formed a Proxy Committee to establish general proxy policies for AllianceBernstein and consider specific proxy voting matters as necessary. The Proxy Committee periodically reviews these policies and new types of environmental, social and governance issues, and decides how we should vote on proposals not covered by these policies. When a proxy vote cannot be clearly decided by an application of our stated policy, the Proxy Committee will evaluate the proposal. In addition, the Proxy Committee, in conjunction with the analyst that covers the company, may contact corporate management, interested shareholder groups and others as necessary to discuss proxy issues.

Different investment philosophies may occasionally result in different conclusions being drawn regarding certain proposals and, in turn, may result in the Proxy Committee making different voting decisions on the same proposal for value and growth holdings. Nevertheless, the Proxy Committee always votes proxies with the goal of maximizing the value of the securities in client portfolios.

It is the responsibility of the Proxy Committee to evaluate and maintain proxy voting procedures and guidelines, to evaluate proposals and issues not covered by these guidelines, to evaluate proxies where we face a potential conflict of interest (as discussed in section 3.2), to consider changes in policy and to review the Proxy Voting Statement and the Proxy Voting Manual no less frequently than annually. In addition, the Proxy Committee meets as necessary to address special situations.

Members of the Proxy Committee include senior investment personnel and representatives of the Legal and Compliance Department. The Committee is chaired by Linda Giuliano, Senior Vice President and Chief Administrative Officer-Equities.

Proxy Committee

Vincent DuPont: SVP-Equities

Linda Giuliano: SVP-Equities

Stephen Grillo: VP-Equities

David Lesser: VP-Legal

Mark Manley: SVP-Legal

Andrew Weiner: SVP-Equities

3.6 Proxy Voting Records

You may obtain information regarding how the Fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30, without charge. Simply visit AllianceBernstein's web site at www.alliancebernstein.com, go to the Securities and Exchange Commission's web site at www.sec.gov or call AllianceBernstein at (800) 227-4618.

Barrow, Hanley, Mewhinney & Strauss, LLC

Proxy Voting

For clients who so elect, BHMS has the responsibility to vote proxies for portfolio securities consistent with the best economic interests of the beneficial owners. BHMS maintains written policies and procedures as to the handling, research, voting, and reporting of proxy voting and makes appropriate disclosures about the Firm's proxy policies and procedures to clients. BHMS provides information to clients about how their proxies were voted and retains records related to proxy voting.

To assist in the proxy voting process, BHMS retains the services of Glass Lewis & Co. Glass Lewis provides research on corporate governance, financial statements, business, legal and accounting risk and supplies proxy voting recommendations. Glass Lewis also provides proxy execution, record keeping, and reporting services.

Proxy Oversight Committee

- BHMS' Proxy Oversight Committee reviews and evaluates the data and recommendations provided by the proxy service along with its own internal research on each company to ensure that votes are consistent with the Firm's policies and are in the best interest of the beneficial owners. Proxy votes must be approved by BHMS before submitting to the proxy service provider.
- The Proxy Oversight Committee includes four portfolio managers, three research analysts, and three proxy coordinators. Research analysts participate based on industry coverage.
- Domestic ballots and research recommendations are reviewed by the Proxy Coordinators and referred to analysts, portfolio managers or members of the proxy committee if the Glass Lewis recommendations are against management.

Types of Accounts

- *U.S. Equity Accounts*

The proxy coordinators review proposals and evaluate the proxy service provider's recommendations. If further research is required, the proxy coordinators will direct the proxy service provider's research to the analyst following the security. For Small Cap Value portfolios, the portfolio managers will review and make the voting decision. Generally, proposals are voted in accordance with the proxy service provider's recommendations unless BHMS overrides a specific issue. The proxy coordinators approve voting decisions through the proxy service provider's secure, proprietary, online system.

- *Non-US Value and Diversified Small Cap Value Accounts*

Proxies are voted uniformly in accordance with the proxy service provider's recommendations. The proxy service provider verifies that votes are received, voted, and recorded.

Conflicts of Interest

- BHMS seeks to avoid conflicts of interest and proxies are voted uniformly in accordance with the Firm's policies, including proxies of companies that are also clients.
- If a material conflict of interest exists, the proxy coordinators will determine whether it is appropriate to disclose the conflict with the affected clients, to give the clients an opportunity to vote the proxies themselves, or to address the voting issue through other objective means, such as voting in a manner consistent with a predetermined voting policy or receiving an independent third party voting recommendation.

Policies and Procedures

The Director of Equity Operations, who serves as proxy coordinator, is responsible for implementing and monitoring BHMS' proxy voting policy, procedures, disclosures and recordkeeping, including outlining our voting guidelines in our procedures. The Proxy Oversight Committee conducts regular reviews to monitor and ensure that the Firm's policy is observed, implemented properly, and amended or updated, as appropriate.

- BHMS sends a daily electronic transfer of stock positions to the proxy service provider.
- The proxy service provider identifies accounts eligible to vote for each security and posts the proposals and research on its secure, proprietary online system.
- New or controversial issues are presented to the Proxy Oversight Committee for evaluation.
- BHMS sends a proxy report to clients at least annually (or as requested by client), listing the number of shares voted and disclosing how proxies were voted.
- Voting records are retained on the network, which is backed up daily. The proxy service provider retains records for seven years.
- BHMS' guidelines addressing specific issues are available upon request by calling 214-665-1900 or by e-mailing: clientservices@barrowhanley.com.
- The proxy coordinators retains the following proxy records in accordance with the SEC's five-year retention requirement:

- These policies and procedures and any amendments;
- A record of each vote cast; and
- Any document BHMS created that was material to making a decision on how to vote proxies, or that memorializes that decision.

Revised December 31, 2013

BlackRock Fund Advisors and BlackRock Financial Management, Inc.

Summary of Proxy Voting Policy

BlackRock's Corporate Governance Committee (the "Committee"), addresses proxy voting issues on behalf of BlackRock and its clients, including the Funds. The Committee is comprised of senior members of BlackRock's Portfolio Management and Administration Groups and is advised by BlackRock's Legal and Compliance Department.

BlackRock votes (or refrains from voting) proxies for each Fund in a manner that BlackRock, in the exercise of its independent business judgment, concludes are in the best economic interests of such Fund. In some cases, BlackRock may determine that it is in the best economic interests of a Fund to refrain from exercising the Fund's proxy voting rights (such as, for example, proxies on certain non-U.S. securities that might impose costly or time-consuming in-person voting requirements). With regard to the relationship between securities lending and proxy voting, BlackRock's approach is also driven by our clients' economic interests. The evaluation of the economic desirability of recalling loans involves balancing the revenue producing value of loans against the likely economic value of casting votes. Based on our evaluation of this relationship, BlackRock believes that the likely economic value of casting a vote generally is less than the securities lending income, either because the votes will not have significant economic consequences or because the outcome of the vote would not be affected by BlackRock recalling loaned securities in order to ensure they are voted. Periodically, BlackRock analyzes the process and benefits of voting proxies for securities on loan, and will consider whether any modification of its proxy voting policies or procedures are necessary in light of any regulatory changes.

BlackRock will normally vote on specific proxy issues in accordance with BlackRock's proxy voting guidelines. BlackRock's proxy voting guidelines provide detailed guidance as to how to vote proxies on certain important or commonly raised issues. BlackRock may, in the exercise of its business judgment, conclude that the proxy voting guidelines do not cover the specific matter upon which a proxy vote is requested, or that an exception to the proxy voting guidelines would be in the best economic interests of a Fund. BlackRock votes (or refrains from voting) proxies without regard to the relationship of the issuer of the proxy (or any shareholder of such issuer) to the Fund, the Fund's affiliates (if any), BlackRock or BlackRock's affiliates. When voting proxies, BlackRock attempts to encourage companies to follow practices that enhance shareholder value and increase transparency and allow the market to place a proper value on their assets.

A full listing of BlackRock's proxy voting policies and guidelines can be found at www.blackrock.com.

CBRE Clarion Securities LLC

Proxy Voting Policies and Procedures

As of December 31, 2011

POLICY

Proxy voting is an important right of shareholders, and reasonable care and diligence must be undertaken to ensure that such rights are properly and timely exercised. When CBRE Clarion has discretion to vote the proxies of its clients, it will vote those proxies in the best interest of its clients and in accordance with this policy and procedures.

For the accounts over which CBRE Clarion maintains proxy voting authority, CBRE Clarion will vote proxies in accordance with its proxy voting guidelines. CBRE Clarion may, in certain circumstances, voluntarily adhere to guidelines established by its clients if doing so can be accomplished within the proxy voting process established with the proxy voting administrator. Otherwise, CBRE Clarion will not accept proxy voting authority to the extent clients wish to impose voting guidelines different from those of CBRE Clarion. As the responsibility for proxy voting is defined at the outset of the client relationship (and documented in the Investment Management Agreement), CBRE Clarion does not anticipate any confusion on the part of its clients in this respect.

PROCEDURES AND CONTROLS

Proxy Voting Process and Administration

CBRE Clarion has engaged ISS (formerly Risk Metrics Group) to provide proxy voting administration services, including the tracking of proxies received for clients, providing notice to CBRE Clarion concerning dates votes are due, the actual casting of ballots and recordkeeping. It is important to recognize that the ability of ISS and CBRE Clarion to process proxy voting decisions in a timely manner is contingent in large part on the custodian banks holding securities for CBRE Clarion clients. On a daily basis, CBRE Clarion provides ISS with a list of securities held in each account over which CBRE Clarion has voting authority.

CBRE Clarion established its own proxy voting guidelines based on a template provided by ISS. Proxy voting guidelines are reviewed and approved by designated Senior Global Portfolio Managers initially and annually thereafter. The approved proxy voting guidelines are provided to ISS to facilitate processing proxy voting.

Voting decisions remain within the discretion of CBRE Clarion. On a daily basis, CBRE Clarion Securities Operations group reviews an online system maintained by ISS in order to monitor for upcoming votes. When a pending vote is identified, the Securities Operations team will forward the ballot to the appropriate Portfolio Manager or Investment Analyst for review, along with any supplemental information about the ballots provided by ISS and – if available – other research vendors to which CBRE Clarion subscribes. The Portfolio Manager or Investment Analyst determines the voting decision and communicates the vote to the Securities Operations group. If the voting decision is in contravention of the CBRE Clarion proxy voting guidelines, the Portfolio Manager or Investment Analyst's decision must be approved by a Senior Global Portfolio Manager. Specifically, the Portfolio Manager or Investment Analyst must complete a Proxy Voting Form explaining the rationale for voting against the established guidelines. The Proxy Voting Form is reviewed by a Senior Global Portfolio Manager and the Chief Compliance Officer (or General Counsel), evidenced by signature.

Conflicts of Interest

CBRE Clarion will identify any conflicts that exist between the interests of CBRE Clarion and its clients as it relates to proxy voting. As noted in the Code of Ethics, CBRE Clarion obtains information from all employees regarding outside business activities and personal relationships with companies within the investable universe of real estate securities, such as serving as board members or executive officers of an issuer. Additionally, CBRE Clarion will consider the conflicts associated with any ballot which identifies a relationship to CBRE Global Investors or another affiliate within CBRE Group. Lastly, CBRE Clarion will consider any ballot which identifies a client of CBRE Clarion as a potential conflict of interest.

If a material conflict is identified for a particular ballot, CBRE Clarion will refer the ballot and conflict to the CBRE Clarion Risk & Control Committee for review. In such situations, CBRE Clarion will generally defer the vote either to the recommendation provided by ISS (not based on the CBRE Clarion guidelines) or to the affected client(s) so that the client may determine its voting decision.

Proxy Voting Records

Except as otherwise noted, the proxy voting process is coordinated by the Securities Operations group. Compliance is responsible for oversight of and testing of the process. As noted above, ISS provides recordkeeping services, including retaining a copy of each proxy statement received and each vote cast. This information is available to CBRE Clarion upon request.

CBRE Clarion will maintain files relating to its proxy voting procedures in an easily accessible place. Records will be maintained and preserved for five years from the end of the fiscal year during which the last entry was made on a record, with records for the first two years kept on site. These files will include:

(1) copies of the proxy voting policies and procedures and any amendments thereto,

(2) a copy of any document CBRE Clarion created that was material to making a decision how to vote proxies or that memorializes that decision, and

(3) a copy of each written client request for information on how CBRE Clarion voted such client's proxies and a copy of any written response to any (written or oral) client request for information on how CBRE Clarion voted its proxies.

Clients may contact the Compliance Department at (610) 995-2500 to obtain a copy of these policies and procedures (and, if desired, the firm's proxy voting guidelines) or to request information on the voting of such client's proxies. A written response will list, with respect to each voted proxy that the client has inquired about:

(1) the name of the issuer,

(2) the proposal voted upon, and

(3) how CBRE Clarion voted the client's proxy.

Janus Capital Management LLC
Janus Capital Singapore Pte. Limited
Perkins Investment Management LLC

Janus Proxy Voting Guidelines

The Janus Proxy Voting Guidelines (the "Guidelines") below summarize Janus Capital Management LLC's ("Janus") positions on various issues of concern to investors and are intended to provide a general indication of how portfolio securities may be voted on proposals dealing with particular issues. The Guidelines, together with the Janus Proxy Voting Procedures (the "Procedures"), will be used for voting proxies on behalf of all Janus clients (including mutual funds) for which Janus has voting authority, except as noted below. Subject to specific provisions in a client's account documentation related to exception voting, Janus only accepts direction from a client to vote proxies for that client's account pursuant to: 1) the Guidelines; 2) the Benchmark Policy recommendations of Institutional Shareholder Services Inc. ("ISS") (the "Proxy Voting Service"); or 3) upon request by a client as set forth in a client's investment management agreement, the ISS Taft-Hartley voting guidelines ("Taft-Hartley Guidelines"). Janus Capital Singapore Pte. Limited and Perkins Investment Management LLC have each adopted the Guidelines.

Janus has retained the services of the Proxy Voting Service, an industry expert in proxy issues and corporate governance matters. The Proxy Voting Service provides Janus with in-depth analysis and recommendations on complex proxy issues. While Janus attempts to apply the following Guidelines to proxy proposals, Janus reserves the right to use the Proxy Voting Service's expertise and recommendations on a variety of proxy voting issues, including: executive compensation, foreign issuer proxies, and proposals that may not otherwise be addressed by the Guidelines. The Proxy Voting Service is instructed to vote all proxies relating to portfolio securities in accordance with these Guidelines, except as otherwise instructed by Janus. The Proxy Voting Service, may not, in all instances, have or provide research, analysis and recommendations on proxy issues. For example, the Proxy Voting Service may not provide such analysis and research for privately held companies. In such instances, the Proxy Administrator shall refer such proxy proposal to the portfolio manager.

The Guidelines are not exhaustive and do not include all potential voting issues. Because proxy issues and the circumstances of individual companies are so varied, there may be instances when Janus may not vote in strict adherence to the Guidelines. In addition, Janus portfolio managers, assistant portfolio managers, and analysts covering specific companies are responsible for monitoring significant corporate developments, including proxy proposals submitted to shareholders and notifying the Proxy Administrator in Securities Operations of circumstances where the interests of Janus' clients may warrant a vote contrary to the Guidelines. In such instances, the portfolio manager, assistant portfolio manager or analyst will submit a written rationale to the Proxy Administrator. The Proxy Voting Committee periodically reviews rationales provided to determine: i) whether the rationales appear reasonable; and ii) whether any business relationship with the issuer of the proxy could have created a conflict of interest influencing the votes (see Procedures for additional Conflicts of Interest details).

In many foreign markets, shareholders who vote proxies for shares of a foreign issuer are not able to trade in that company's stock within a given period of time on or around the shareholder meeting date. This practice is known as "share blocking." In countries where share blocking is practiced, Janus will only vote proxies if the portfolio manager or assistant portfolio manager determines that the shareholder benefit of voting the proxies outweighs the risk of not being able to sell the securities. In addition, international issuers may be subject to corporate governance standards and a proxy solicitation process that substantially differs from domestic standards and practices. Janus will generally vote international issuer proxies using the Guidelines unless the application of the Guidelines is inconsistent with corporate governance standards and practices in the foreign market, in which case Janus may refer to the research, analysis and recommendations provided by the Proxy Voting Service.

The Janus funds may participate in a securities lending program under which shares of an issuer may be on loan while that issuer is conducting a proxy solicitation. Generally, if shares of an issuer are on loan during a proxy solicitation, a fund cannot vote the shares. Janus fund managers have discretion to instruct the Proxy Administrator to pull back lent shares before proxy record dates and vote proxies.

In circumstances where the Janus funds held a security as of record date, but Janus sells its holdings prior to the shareholder meeting, Janus will abstain from voting that proxy.

The following guidelines are grouped according to the types of proposals generally presented to shareholders.

BOARD OF DIRECTORS ISSUES

The quality of management is a key consideration in the decision to invest in a company. Because management is in the best possible position to evaluate the qualifications and needs of a particular board, Janus considers the recommendation of management to be an important factor in making these decisions.

1. For domestic market and applicable foreign market issuers, Janus will generally vote in favor of slates of director candidates that have a majority of independent directors (as determined by the Proxy Voting Service) and oppose slates of director candidates that do not have a majority of independent directors.

2. After taking into consideration country-specific practices, Janus will generally vote in favor of uncontested director candidates, unless they:

   - attend less than 75% of the board and committee meetings without a valid excuse;
   - ignore or otherwise fail to support shareholder proposals as determined by the proxy voting service;
   - are not responsive to advisory votes on executive compensation matters (as determined by the proxy voting service);
   - fail to provide appropriate oversight of company's risk management practices (as determined by the proxy voting service);
   - are non-independent directors and sit on the audit, compensation or nominating committees;
   - are non-independent directors and the board does not have an audit, compensation, or nominating committees;
   - are audit committee members and the non-audit fees paid to the auditor are excessive (as determined by the Proxy Voting Service);
   - are audit committee members and poor accounting practices rise to a level of serious concern, or other serious issues surrounding the audit process or arrangement exist (as determined by the Proxy Voting Service);
   - serve as directors on an excessive number of boards ("Overboarded") (as determined by the Proxy Voting Service);
   - are compensation committee members and the company has poor compensation practices (as determined by the Proxy Voting Service); or adopt a long-term poison pill without shareholder approval or make material adverse changes to an existing poison pill (as determined by the Proxy Voting Service).

3. Janus will evaluate proposals relating to contested director candidates and/or contested slates of directors on case-by-case basis.*
4. Janus will generally vote in favor of proposals to increase the minimum number of independent directors.
5. Janus believes that attracting qualified director candidates is important to overall company success and effective corporate governance. As such, Janus will generally vote in favor of proposals regarding director indemnification arrangements.
6. Janus will generally vote in favor of proposals to increase the size of a board of directors so long as the board has a majority of independent directors.
7. If the purpose of the proposal is to promote anti-takeover measures, Janus will generally vote against proposals relating to decreasing the size of a board of directors.
8. Janus will generally vote against proposals advocating classified or staggered boards of directors.
9. Janus will generally vote with management regarding proposals to declassify a board.
10. Janus will generally vote in favor of proposals to separate the role of the Chairman from the role of the CEO.

AUDITORS

1. Janus will vote in favor of proposals asking for approval of auditors, unless: (1) an auditor has a financial interest in or association with the company, and is therefore not independent; (2) fees for non-audit services are excessive (as determined by the Proxy Voting Service); or (3) there is reason to believe that the independent auditor has rendered an opinion, which is neither accurate nor indicative of the company's financial position.
2. Janus will evaluate proposals relating to contested auditors on a case-by-case basis.*
3. Janus will generally vote in favor of proposals to appoint internal statutory auditors.

EQUITY BASED COMPENSATION PLANS

Equity based compensation plans are important tools in attracting and retaining desirable employees. Janus believes these plans should be carefully applied with the intention of maximizing shareholder value. With this in mind, Janus will evaluate proposals relating to executive and director compensation plans on a case-by-case basis, utilizing the research of the Proxy Voting Service.

Janus will assess the potential cost of an equity based compensation plan using the research provided by the Proxy Voting Service. The research is designed to estimate the total cost of a proposed plan and identify factors that demonstrate good stewardship of investors' interests regarding executive compensation. The Proxy Voting Service evaluates whether the estimated cost is reasonable by comparing the cost to an allowable cap. The allowable cap is industry-specific, market cap-based, and pegged to the average amount paid by companies performing in the top quartile of their peer groups. If the proposed cost is above the allowable cap, Janus will generally vote against the plan.

In addition, Janus will generally oppose plans that:

- provide for re-pricing of underwater options;
- provide for automatic replenishment ("evergreen") or reload options;
- create an inconsistent relationship between long term share performance and compensation increases; and/or
- are proposed by management and do not demonstrate good stewardship of investors' interests regarding executive compensation or are a vehicle for poor compensation practices (as determined by the Proxy Voting Service).

OTHER COMPENSATION RELATED PROPOSALS

1. Janus will generally vote in favor of proposals relating to ESPPs – so long as shares purchased through plans are priced no less than 15% below market value.
2. Janus will generally vote in favor of proposals requiring the expensing of options.
3. Janus will generally oppose proposals requesting approval to make material amendments to equity based compensation plans without shareholder approval.
4. Janus will generally oppose proposals regarding the re-pricing of underwater options.
5. Janus will generally oppose proposals requesting approval of loans to officers, executives and board members of an issuer.
6. Janus will generally oppose proposals requesting approval of automatic share replenishment ("evergreen") features of equity based compensation plans.
7. Janus will generally oppose the issuance of reload options (stock option that is automatically granted if an outstanding stock option is exercised during a window period).
8. Janus will generally vote in favor of annual advisory votes on executive compensation (say-on-frequency).

9. Janus will generally vote in favor with regard to advisory votes on executive compensation (say-on-pay), unless problematic pay practices are maintained (as determined by the Proxy Voting Service);

10. Janus will vote in favor of proposals to require golden parachutes or executive severance agreements to be submitted for shareholder approval, unless the proposal requires shareholder approval *prior* to entering into employment contracts.

11. Janus will vote on a case-by-case basis on proposals to approve or cancel golden or tin parachutes.* An acceptable parachute should include the following:

    - The parachute should be less attractive than an ongoing employment opportunity with the firm;
    - The triggering mechanism should be beyond the control of management; and
    - The amount should not exceed three times base salary plus guaranteed benefits.

12. Janus will generally vote in favor of proposals intended to increase long-term stock ownership by executives, officers and directors. These may include:

    - requiring executive officers and directors to hold a minimum amount of stock in the company;
    - requiring stock acquired through exercised options to be held for a certain period of time; and
    - using restricted stock grants instead of options.

OTHER CORPORATE MATTERS

Janus will generally vote in favor of proposals relating to the issuance of dividends.

1. Janus will evaluate proposals relating to stock splits on a case-by-case basis.*
2. Janus will generally vote against proposals regarding supermajority voting rights (for example to approve acquisitions or mergers).
3. Janus will generally oppose proposals for different classes of stock with different voting rights.
4. Janus will evaluate proposals relating to issuances with and without preemptive rights on a case-by-case basis. For foreign issuer proxies, Janus will solicit research from the Proxy Voting Service.*
5. Janus will generally vote against proposals seeking to implement measures designed to prevent or obstruct corporate takeovers (includes poison pills), unless such measures are designed primarily as a short-term means to protect a tax benefit.
6. Janus will evaluate proposals seeking to increase the number of shares of common or preferred stock authorized for issue on a case-by-case basis. For domestic issuers, Janus will use quantitative criteria provided by the Proxy Voting Service to measure the reasonableness of the proposed share increase as compared against a measure of industry peers. For foreign issuer proxies, Janus will solicit research from the Proxy Voting Service.*
7. Janus will evaluate proposals regarding the issuance of debt, including convertible debt, on a case-by-case basis.*
8. Janus will generally vote in favor of proposals regarding the authorization of the issuer's Board of Directors to repurchase shares.
9. Janus will evaluate plans of reorganization on a case-by-case basis.*
10. Janus will generally vote in favor of proposals regarding changes in the state of incorporation of an issuer.
11. Janus will generally vote in favor of proposals regarding changes in company name.
12. Janus will evaluate proposals relating to the continuance of a company on a case-by-case basis.*
13. Janus will evaluate proposals regarding acquisitions, mergers, tender offers or changes in control on a case-by-case basis, including any related advisory votes on golden parachutes.*
14. Janus will generally oppose proposals to authorize preferred stock whose voting, conversion, dividend and other rights are determined at the discretion of the Board of Directors when the stock is issued ("blank check stock").
15. Janus will generally vote in favor of proposals to lower the barriers to shareholder action (i.e., limited rights to call special meetings, limited rights to act by written consents) and against proposals restricting or prohibiting the ability to act by written consent.
16. Janus will generally vote in favor of proposals to adopt cumulative voting unless otherwise recommended by the Proxy Voting Service.
17. Janus will generally vote in favor of proposals to require that voting be confidential.
18. Janus will generally oppose proposals requesting authorization of political contributions (mainly foreign), except for proposals designed to insure that the charitable giving does not violate laws on political contributions.
19. Janus will generally vote in favor of proposals relating to the administration of an annual shareholder meeting.
20. Janus will generally vote against proposals to approve "other business" when it appears as a voting item.

21. Janus will evaluate proposals related to proxy access on a case-by-case basis.*

Shareholder Proposals

Janus is primarily concerned with the economic impact of shareholder proposals on a company's short and long-term share value. Janus will generally apply the Guidelines to shareholder proposals while weighing the following considerations:

1. Janus will generally abstain from voting on shareholder proposals that relate to social, moral or ethical issues, or issues that place arbitrary constraints on the board or management of a company.
2. For shareholder proposals outside the scope of the Guidelines, Janus will solicit additional research and a recommendation from the Proxy Voting Service. Janus will always reserve the right to over-ride a recommendation provided by the Proxy Voting Service.*

JANUS CAPITAL MANAGEMENT LLC
JANUS CAPITAL SINGAPORE PTE. LIMITED
PERKINS INVESTMENT MANAGEMENT LLC

Proxy Voting Procedures

February 2014

The following represents the Proxy Voting Procedures ("Procedures") for Janus Capital Management LLC ("Janus") with respect to the voting of proxies on behalf of all clients, including mutual funds advised by Janus, for which Janus has voting responsibility and the keeping of records relating to proxy voting. Janus Capital Singapore Pte. Limited ("Janus Singapore"), and Perkins Investment Management LLC ("Perkins") have each adopted the Procedures.

General Policy. Janus seeks to vote proxies in the best interest of its clients. Janus will not accept direction as to how to vote individual proxies for which it has voting responsibility from any other person or organization (other than the research and information provided by the Proxy Voting Service (as hereinafter defined)). Subject to specific provisions in a client's account documentation related to exception voting, Janus only accepts direction from a client to vote proxies for that client's account pursuant to: 1) the Janus Capital Management LLC Proxy Voting Guidelines ("Guidelines"); 2) the Benchmark Policy recommendations of Institutional Shareholder Services Inc. ("ISS") (the "Proxy Voting Service"); or 3) upon request by a client as set forth in a client's investment management agreement, the ISS Taft-Hartley voting guidelines ("Taft-Hartley Guidelines").

ERISA Plan Policy. On behalf of client accounts subject to ERISA, Janus seeks to discharge its fiduciary duty by voting proxies solely in the best interest of the participants and beneficiaries of such plans. Janus recognizes that the exercise of voting rights on securities held by ERISA plans for which Janus has voting responsibility is a fiduciary duty that must be exercised with care, skill, prudence and diligence. In voting proxies for ERISA accounts, Janus will exercise its fiduciary responsibility to vote all proxies for shares for which it has investment discretion as investment manager unless the power to vote such shares has been retained by the appointing fiduciary as set forth in the documents in which the named fiduciary has appointed Janus as investment manager.

Proxy Voting Committee. The Janus Proxy Voting Committee (the "Committee") develops Janus' positions on all major corporate issues, creates guidelines and oversees the voting process. The Committee is comprised of a Vice President of Investment Accounting, a representative from Compliance, and one or more portfolio management representatives (or their respective designees) who provide input on behalf of the portfolio management team. Internal legal counsel serves as a consultant to the Committee and is a non-voting member. A quorum is required for all Committee meetings. In formulating proxy voting recommendations, the Committee analyzes proxy proposals from the Proxy Voting Service from the prior year, and evaluates whether those proposals would adversely or beneficially affect shareholders' interests. The Committee also reviews policy rationale provided by the Proxy Voting Service related to voting recommendations for the upcoming proxy season. Once the Committee establishes its recommendations and revises the Guidelines, they are distributed to Janus' portfolio managers[1] for review and implementation. While the Committee sets the Guidelines and serves as a resource for Janus portfolio management, it does not have proxy voting authority for any proprietary or non-proprietary mutual fund or any investment advisory client. The portfolio managers are responsible for proxy votes on securities they own in the portfolios they manage. Most portfolio managers vote consistently with the Guidelines. However, a portfolio manager may choose to vote contrary to the Guidelines. When portfolio managers cast votes which are contrary to the Guidelines, the manager is required to document the reasons in writing for the Committee. In many cases, a security may be held by multiple portfolio managers. Portfolio managers are not required to cast consistent votes. Annually the Janus Funds Board of Trustees, or a committee thereof, will review Janus' proxy voting process, policies and voting records.

Securities Operations Group. The Securities Operations Group is responsible for administering the proxy voting process as set forth in these procedures, the Guidelines, and as applicable, the Taft-Hartley Guidelines The Proxy Administrator in the Securities Operations Group works with the Proxy Voting Service and is responsible for ensuring that all meeting notices are reviewed against the Guidelines, and as applicable, the Taft-Hartley Guidelines, and proxy matters are communicated to the portfolio managers and analysts for consideration pursuant to the Guidelines.

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*All discretionary votes of this nature are cast solely in the interests of shareholders and without regard to any other Janus relationship, business or otherwise.

[1] All references to portfolio managers include assistant portfolio managers.

Voting and Use of Proxy Voting Service. Janus has engaged an independent proxy voting service, the Proxy Voting Service, to assist in the voting of proxies. The Proxy Voting Service is responsible for coordinating with the clients' custodians to ensure that all proxy materials received by the custodians relating to the clients' portfolio securities are processed in a timely fashion. In addition, the Proxy Voting Service is responsible for maintaining copies of all proxy statements received by issuers and to promptly provide such materials to Janus upon request.

To the extent applicable, the Proxy Voting Service will process all proxy votes in accordance with the Guidelines. Portfolio managers may decide to vote their proxies consistent with the Guidelines and instruct the Proxy Administrator to vote all proxies accordingly. He or she may also request to review all vote recommendations prior to the meeting cut-off date, or may choose to review only those votes to be cast against management. Notwithstanding the above, with respect to clients who have instructed Janus to vote proxies in accordance with the Taft-Hartley Guidelines, the Proxy Voting Service will process all proxy votes in strict accordance with the Taft-Hartley Guidelines. In all cases, the portfolio managers receive a monthly report summarizing all proxy votes in his or her client accounts. The Proxy Administrator is responsible for maintaining this documentation.

The Proxy Voting Service will refer proxy questions to the Proxy Administrator for instructions under circumstances where: (1) the application of the Guidelines is unclear; (2) the proxy question relates to a company and/or issue in which the Proxy Voting Services does not have research, analysis and/or a recommendation available, or (3) the Guidelines call for Janus portfolio manager input. The Proxy Administrator solicits feedback from the Portfolio Manager or the Committee as required. Janus also utilizes research services relating to proxy questions provided by the Proxy Voting Service.

Procedures for Proxy Issues Outside the Guidelines. In situations where the Proxy Voting Service refers a proxy question to the Proxy Administrator, the Proxy Administrator will consult with the portfolio manager regarding how the shares will be voted. The Proxy Administrator will refer such questions, through a written request, to the portfolio manager(s) who hold(s) the security for a voting recommendation. The Proxy Administrator may also refer such questions, through a written request to any member of the Committee, but the Committee cannot direct the Proxy Administrator how to vote. If the proxy issue raises a conflict of interest (see Conflict of Interest discussion below), the portfolio manager will document how the proxy should be voted and the rationale for such recommendation. If the portfolio manager has had any contact with persons outside of Janus (excluding routine communications with proxy solicitors) regarding the proxy issue, the portfolio manager will disclose that contact to the Committee. In such cases, the Committee will review the portfolio manager's voting recommendation. If the Committee believes a conflict exists and that the portfolio manager's voting recommendation is not in the best interests of the shareholders, the Committee will refer the issue to the appropriate Chief Investment Officer(s) (or the Director of Research in his/her absence) to determine how to vote.

Procedures for Voting Janus "Fund of Funds". Janus advises certain portfolios or "fund of funds" that invest in other Janus funds. From time to time, a fund of funds may be required to vote proxies for the underlying Janus funds in which it is invested. Accordingly, if an underlying Janus fund submits a matter to a vote of its shareholders, votes for and against such matters on behalf of the owner fund of funds will be cast in the same proportion as the votes of the other shareholders in the underlying fund (also known as "echo-voting").

Conflicts of Interest. The Committee is responsible for monitoring and resolving possible material conflicts with respect to proxy voting. Because the Guidelines are pre-determined and designed to be in the best interests of shareholders, application of the Guidelines to vote client proxies should, in most cases, adequately address any possible conflicts of interest. On a quarterly basis, the Committee reviews records of votes that were cast inconsistently with the Guidelines and the related rationale for such votes. Additionally, and in instances where a portfolio manager has discretion to vote differently than the Guidelines and proposes to vote a proxy inconsistent with the Guidelines and a potential conflict of interest is identified, the Committee will review the proxy votes to determine whether the portfolio manager's voting rationale appears reasonable and no material conflict exists. Similarly, the Taft-Hartley Guidelines are pre-determined, so application of the Taft-Hartley Guidelines to vote client proxies should, in most cases, adequately address any possible conflicts of interest. In the unusual circumstance that the Proxy Voting Service seeks direction on any matter, the matter shall be handled in accordance with the *Procedures for Proxy Issues Outside the Guidelines* set forth above, and reviewed by the Committee.

A conflict of interest may exist, for example, if Janus has a business relationship with (or is actively soliciting business from) either the company soliciting the proxy or a third party that has a material interest in the outcome of a proxy vote or that is actively lobbying for a particular outcome of a proxy vote. In addition, any portfolio manager with knowledge of a personal conflict of interest (i.e., a family member in a company's management) relating to a particular referral item shall disclose that conflict to the Committee and may be required to recuse himself or herself from the proxy voting process. Issues raising possible conflicts of interest are referred by the Proxy Administrator to the Committee for resolution. If the Committee does not agree that the portfolio manager's rationale is reasonable, the Committee will refer the matter to the appropriate Chief Investment Officer(s) (or the Director of Research) to vote the proxy.

If a matter is referred to the Chief Investment Officer(s) (or the Director of Research) the decision made and basis for the decision will be documented by the Committee.

Reporting and Record Retention. Upon request, on an annual basis, Janus will provide its non-mutual fund clients with the proxy voting record for that client's account.

On an annual basis, Janus will provide its proxy voting record for each proprietary mutual fund for the one-year period ending on June 30th on Janus' website at www.janus.com/proxyvoting. Such voting record, on Form N-PX, is also available on the SEC's website at http://www.sec.gov. A complete copy of Janus Capital's proxy voting policies and procedures, including specific guidelines, is available at www.janus.com/proxyvoting.

Janus retains proxy statements received regarding client securities, records of votes cast on behalf of clients, records of client requests for proxy voting information and all documents prepared by Janus regarding votes cast in contradiction to the Janus Guidelines. In addition, any document prepared by Janus that is material to a proxy voting decision such as the Guidelines, Proxy Voting Committee materials and other internal research relating to voting decisions will be kept. Proxy statements received from issuers are either available on the SEC's EDGAR database or are kept by a third party voting service and are available on request. All proxy voting materials and supporting documentation are retained for a minimum of 6 years.

Jennison Associates LLC

Proxy Voting Policy Summary

Conflicts of interest may also arise in voting proxies. Jennison Associates LLC ("Jennison") has adopted a proxy voting policy to address these conflicts.

Jennison actively manages publicly traded equity securities and fixed income securities. It is the policy of Jennison that where proxy voting authority has been delegated to and accepted by Jennison, all proxies shall be voted by investment professionals in the best interest of the client without regard to the interests of Jennison or other related parties, based on recommendations as determined by pre-established guidelines either adopted by Jennison or provided by the client. Secondary consideration is permitted to be given to the public and social value of each issue. For purposes of this policy, the "best interests of clients" shall mean, unless otherwise specified by the client, the clients' best economic interests over the long term – that is, the common interest that all clients share in seeing the value of a common investment increase over time. Any vote that represents a potential material conflict is reviewed by Jennison Compliance and referred to the Proxy Voting Committee to determine how to vote the proxy if Compliance determines that a material conflict exists.

In voting proxies for international holdings, which we vote on a best efforts basis, we will generally apply the same principles as those for U.S. holdings. However, in some countries, voting proxies result in additional restrictions that have an economic impact or cost to the security, such as "share blocking", where Jennison would be restricted from selling the shares of the security for a period of time if Jennison exercised its ability to vote the proxy. As such, we consider whether the vote, either itself or together with the votes of other shareholders, is expected to have an effect on the value of the investment that will outweigh the cost of voting. Our policy is to not vote these types of proxies when the costs outweigh the benefit of voting, as in share blocking.

In an effort to discharge its responsibility, Jennison has examined third-party services that assist in the researching and voting of proxies and development of voting guidelines. After such review, Jennison has selected an independent third party proxy voting vendor to assist it in researching and voting proxies. Jennison will utilize the research and analytical services, operational implementation and recordkeeping and reporting services provided by the proxy voting vendor. The proxy voting vendor will research each proxy and provide a recommendation to Jennison as to how best to vote on each issue based on its research of the individual facts and circumstances of the proxy issue and its application of its research findings. It is important to note while Jennison may review the research and analysis provided by the vendor, the vendor's recommendation does not dictate the actual voting instructions nor Jennison's Guidelines. The proxy voting vendor will cast votes in accordance with Jennison's Guidelines, unless instructed otherwise by a Jennison Investment Professional, as set forth below, or if Jennison has accepted direction from a Client, in accordance with the Client's Guidelines.

In voting proxies for quantitatively derived holdings and Jennison Managed Accounts (i.e., "wrap") where the securities are not held elsewhere in the firm, Jennison has established a custom proxy voting policy with respect to the voting of these proxies. Proxies received in these circumstances will be voted utilizing the Jennison's guidelines. Additionally, in those circumstances where no specific Jennison guideline exists, Jennison will vote using the recommendations of the proxy voting vendor.

For securities on loan pursuant to a client's securities lending arrangement, Jennison will work with either custodian banks or the proxy voting vendor to monitor upcoming meetings and call stock loans, if possible, in anticipation of an important vote to be taken among holders of the securities or of the giving or withholding of their consent on a material matter affecting the investment. In determining whether to call stock loans, the relevant investment professional shall consider whether the benefit to the client in voting the matter outweighs the benefit to the client in keeping the stock on loan. It is important to note that in order to recall securities on loan in time to vote, the process must be initiated PRIOR to the record date of the proxy. This is extremely difficult to accomplish as Jennison is rarely made aware of the record date in advance.

It is further the policy of Jennison that complete and accurate disclosure concerning its proxy voting policies and procedures and proxy voting records, as required by the Advisers Act, is to be made available to clients.

These procedures are intended to provide Jennison with the reasonable assurance that all clients' accounts are being treated fairly so that no one client's account is systematically advantaged.

J.P. Morgan Investment Management Inc.

Proxy Voting Procedures and Guidelines

PART I: JPMORGAN ASSET MANAGEMENT GLOBAL PROXY VOTING PROCEDURES

A. Objective

As an investment adviser within JPMorgan Asset Management, each of the entities listed on Exhibit A attached hereto (each referred to individually as a "JPMAM Entity" and collectively as "JPMAM") may be granted by its clients the authority to vote the proxies of the securities held in client portfolios. In such cases, JPMAM's objective is to vote proxies in the best interests of its clients. To further that objective, JPMAM adopted these Procedures.[1]

These Procedures incorporate detailed guidelines for voting proxies on specific types of issues (the "Guidelines"). The Guidelines have been developed and approved by the relevant Proxy Committee (as defined below) with the objective of encouraging corporate action that enhances shareholder value. Because proxy proposals and individual company facts and circumstances may vary, JPMAM may not always vote proxies in accordance with the Guidelines.

B. Proxy Committee

To oversee the proxy-voting process on an ongoing basis, a Proxy Committee has been established for each global location where proxy-voting decisions are made. Each Proxy Committee is composed of a Proxy Administrator (as defined below) and senior officers from among the Investment, Legal, Compliance and Risk Management Departments. The primary functions of each Proxy Committee are to periodically review general proxy-voting matters; to determine the independence of any third-party vendor which it has delegated proxy voting responsibilities and to conclude that there are no conflicts of interest that would prevent such vendor from providing such proxy voting services prior to delegating proxy responsibilities; review and approve the Guidelines annually; and provide advice and recommendations on general proxy-voting matters as well as on specific voting issues to be implemented by the relevant JPMAM Entity. The Proxy Committee may delegate certain of its responsibilities to subgroups composed of 13 Proxy Committee members. The Proxy Committee meets at least semi-annually, or more frequently as circumstances dictate.

C. The Proxy Voting Process

JPMAM investment professionals monitor the corporate actions of the companies held in their clients' portfolios. To assist JPMAM investment professionals with public companies' proxy voting proposals, a JPMAM Entity may, but shall not be obligated to, retain the services of an independent proxy voting service ("Independent Voting Service"). The Independent Voting Service is assigned responsibility for various functions, which may include one or more of the following: coordinating with client custodians to ensure that all proxy materials are processed in a timely fashion; providing JPMAM with a comprehensive analysis of each proxy proposal and providing JPMAM with recommendations on how to vote each proxy proposal based on the Guidelines or, where no Guideline exists or where the Guidelines require a case-by-case analysis, on the Independent Voting Service's analysis; and executing the voting of the proxies in accordance with Guidelines and its recommendation, except when a recommendation is overridden by JPMAM, as described below. If those functions are not assigned to an Independent Voting Service, they are performed or coordinated by a Proxy Administrator (as defined below). The Proxy Voting Committee has adopted procedures to identify significant proxies and to recall shares on loan.[2]

Situations often arise in which more than one JPMAM client invests in the same company or in which a single client may invest in the same company but in multiple accounts. In those situations, two or more clients, or one client with different accounts, may be invested in strategies having different investment objectives, investment styles, or portfolio managers. As a result, JPMAM may cast different votes on behalf of different clients or on behalf of the same client with different accounts.

Each JPMAM Entity appoints a JPMAM professional to act as a proxy administrator ("Proxy Administrator") for each global location of such entity where proxy-voting decisions are made. The Proxy Administrators are charged with oversight of these Procedures and the entire proxy-voting process. Their duties, in the event an Independent Voting Service is retained, include the following: evaluating the quality of services provided by the Independent Voting Service; escalating proposals identified by the Independent Voting Service as non-routine, but for which a Guideline exists (including, but not limited to, compensation plans, anti-takeover proposals, reincorporation, mergers, acquisitions and proxy-voting contests) to the attention of the appropriate investment professionals and confirming the Independent Voting Service's recommendation with the appropriate JPMAM investment professional (documentation of those confirmations will be retained by the appropriate Proxy Administrator); escalating proposals identified by the Independent Voting Service as not being covered by the Guidelines (including proposals requiring a case-by-case determination under the Guidelines) to the appropriate investment professional and obtaining a recommendation with respect thereto; reviewing recommendations of JPMAM investment professionals with respect to proposals not covered by the Guidelines (including proposals requiring a case-by-case determination under the Guidelines) or to override the

[1] Proxies for the JPMorgan Value Opportunities Fund are voted in accordance with the Fund's proxy voting policies and not the policies of JPMAM. The Undiscovered Managers Behavioral Growth Fund, and Undiscovered Managers Behavioral Value Fund, the JPMorgan Access Growth Fund and the JPMorgan Access Balanced Fund vote proxies in accordance with the voting policies of their subadvisers other than J.P. Morgan Private Investments, Inc. and not the policies of JPMAM.

[2] The Proxy Voting Committee may determine: (a) not to recall securities on loan if, in its judgment, the negative consequences to clients of recalling the loaned securities would outweigh the benefits of voting in the particular instance or (b) not to vote certain foreign securities positions if, in its judgment, the expense and administrative inconvenience or other burdens outweigh the benefits to clients of voting the securities.

Guidelines (collectively, "Overrides"); referring investment considerations regarding Overrides to the Proxy Committee, if necessary; determining, in the case of Overrides, whether a material conflict, as described below, exists; escalating material conflicts to the Proxy Committee; and maintaining the records required by these Procedures.

In the event investment professionals are charged with recommending how to vote the proxies, the Proxy Administrator's duties include the following: reviewing recommendations of investment professionals with respect to Overrides; referring investment considerations regarding such Overrides to the Proxy Committee, if necessary; determining, in the case of such Overrides, whether a material conflict, as described below, exists; escalating material conflicts to the Proxy Committee; and maintaining the records required by these Procedures.

In the event a JPMAM investment professional makes a recommendation in connection with an Override, the investment professional must provide the appropriate Proxy Administrator with a written certification ("Certification") which shall contain an analysis supporting his or her recommendation and a certification that he or she (A) received no communication in regard to the proxy that would violate either the J.P. Morgan Chase ("JPMC") Safeguard Policy (as defined below) or written policy on information barriers, or received any communication in connection with the proxy solicitation or otherwise that would suggest the existence of an actual or potential conflict between JPMAM'S interests and that of its clients and (B) was not aware of any personal or other relationship that could present an actual or potential conflict of interest with the clients' interests.

D. Material Conflicts of Interest

The U.S. Investment Advisers Act of 1940 requires that the proxy-voting procedures adopted and implemented by a U.S. investment adviser include procedures that address material conflicts of interest that may arise between the investment adviser's interests and those of its clients. To address such material potential conflicts of interest, JPMAM relies on certain policies and procedures. In order to maintain the integrity and independence of JPMAM's investment processes and decisions, including proxy-voting decisions, and to protect JPMAM's decisions from influences that could lead to a vote other than in its clients' best interests, JPMC (including JPMAM) adopted a Safeguard Policy, and established formal informational barriers designed to restrict the flow of information from JPMC's securities, lending, investment banking and other divisions to JPMAM investment professionals. The information barriers include, where appropriate: computer firewalls; the establishment of separate legal entities; and the physical separation of employees from separate business divisions. Material conflicts of interest are further avoided by voting in accordance with JPMAM's predetermined Guidelines. When an Override occurs, any potential material conflict of interest that may exist is analyzed in the process outlined in these Procedures.

Examples of such material conflicts of interest that could arise include circumstances in which: (i) management of a JPMAM investment management client or prospective client, distributor or prospective distributor of its investment management products, or critical vendor, is soliciting proxies and failure to vote in favor of management may harm JPMAM's relationship with such company and materially impact JPMAM's business; or (ii) a personal relationship between a JPMAM officer and management of a company or other proponent of a proxy proposal could impact JPMAM's voting decision.

E. Escalation of Material Conflicts of Interest

When an Override occurs, the investment professional must complete the Certification and the Proxy Administrator will review the circumstances surrounding such Certification. When a potential material conflict of interest has been identified, the Proxy Administrator, in consultation with a subgroup of the Proxy Committee, will evaluate the potential conflict and determine whether an actual material conflict of interest exists. That subgroup shall include a Proxy Committee member from the Investment Department and one or more Proxy Committee members from the Legal, Compliance or Risk Management Departments. In the event that the Proxy Administrator and the subgroup of the Proxy Committee determine that an actual material conflict of interest exists, they shall make a recommendation on how the relevant JPMAM Entity shall vote the proxy. Sales and marketing professionals will be precluded from participating in the decision-making process.

Depending upon the nature of the material conflict of interest, JPMAM, in the course of addressing the material conflict, may elect to take one or more of the following measures, or other appropriate action:

- removing certain JPMAM personnel from the proxy voting process;
- "walling off" personnel with knowledge of the material conflict to ensure that such personnel do not influence the relevant proxy vote;
- voting in accordance with the applicable Guidelines, if any, if the application of the Guidelines would objectively result in the casting of a proxy vote in a predetermined manner; or
- deferring the vote to the Independent Voting Service, if any, which will vote in accordance with its own recommendation.

The resolution of all potential and actual material conflict issues will be documented in order to demonstrate that JPMAM acted in the best interests of its clients.

F. Recordkeeping

JPMAM is required to maintain in an easily accessible place for seven (7) years all records relating to the proxy voting process. Those records include the following:

- a copy of the JPMAM Proxy Voting Procedures and Guidelines;
- a copy of each proxy statement received on behalf of JPMAM clients;

- a record of each vote cast on behalf of JPMAM client holdings;
- a copy of all documents created by JPMAM personnel that were material to making a decision on the voting of client securities or that memorialize the basis of the decision;
- a copy of the documentation of all dialogue with issuers and JPMAM personnel created by JPMAM personnel prior to the voting of client securities; and
- a copy of each written request by a client for information on how JPMAM voted proxies on behalf of the client, as well as a copy of any written response by JPMAM to any request by a JPMAM client for information on how JPMAM voted proxies on behalf of our client.

It should be noted that JPMAM reserves the right to use the services of the Independent Voting Service to maintain certain required records in accordance with all applicable regulations.

Exhibit A

- JPMorgan Chase Bank , NA
- J.P. Morgan Asset Management (UK) Limited
- J.P. Morgan Investment Management Inc.
- JF Asset Management Limited
- JF Asset Management (Singapore) Limited
- JF International Management Inc.
- J.P. Morgan Private Investments, Inc.
- Security Capital Research & Management Incorporated
- Bear Stearns Asset Management

Part II: Proxy Voting Guidelines

JPMAM is a global asset management organization with the capabilities to invest in securities of issuers located around the globe. Because the regulatory framework and the business cultures and practices vary from region to region, our proxy voting guidelines have been customized for each region to take into account such variations.

JPMAM currently has four sets of proxy voting guidelines covering the regions of (1) North America, (2) Europe, Middle East, Africa, Central America and South America (3) Asia (ex-Japan) and (4) Japan, respectively. Notwithstanding the variations among the guidelines, all of these guidelines have been designed with the uniform objective of encouraging corporate action that enhances shareholder value. As a general rule, in voting proxies of a particular security, each JPMAM Entity will apply the guidelines of the region in which the issuer of such security is organized.

In March 2007, JPMAM signed the Principles for Responsible Investment, an initiative of the UN Secretary-General.

Part II.A: North America Proxy Voting

1. Uncontested Director Elections

Votes on director nominees should be made on a case-by-case (for) basis. Votes generally will be WITHHELD from directors who:

1) attend less than 75 percent of the board and committee meetings without a valid excuse for the absences; or
2) adopt or renew a poison pill without shareholder approval, does not commit to putting it to shareholder vote within 12 months of adoption (or in the case of an newly public company, do not commit to put the pill to a shareholder vote within 12 months following the IPO), or reneges on a commitment to put the pill to a vote, and has not yet received a withhold recommendation for this issue.
3) are inside or affiliated outside directors and sit on the audit, compensation, or nominating Committees. For purposes of defining affiliation we will apply either the NYSE listing rule for companies listed on that exchange or the Nasdaq listing rule for all other companies; or
4) ignore a shareholder proposal that is approved by a i) majority of the shares outstanding, or ii) majority of the votes cast for two consecutive years; or
5) are inside or affiliated outside directors and the full board serves as the audit, compensation, or nominating committee or the company does not have one of these committees; or
6) WITHHOLD votes from insiders and affiliated outsiders on boards that are not at least majority independent; or
7) WITHHOLDING from directors who are CEOs of publicly-traded companies who serve on more than three public boards and all other directors who serve on more than four public company boards.

8) WITHHOLD votes from compensation committee members where there is a pay-for performance disconnect for Russell 3000 companies. (See 9a – Stock-Based Incentive Plans, last paragraph). WITHHOLD votes from compensation committee members if the company does not submit one-time transferable stock options to shareholders for approval.

9) WITHHOLD votes from audit committee members in circumstances in which there is evidence (such as audit reports or reports mandated under the Sarbanes Oxley Act) that there exists material weaknesses in the company's internal controls.

10) WITHHOLD votes from compensation committee members who were present at the time of the grant of backdated options or options the pricing or the timing of which we believe may have been manipulated to provide additional benefits to executives.

11) Generally vote for shareholder proposals requesting companies to amend their bylaws in order to create access to the proxy so as to nominate candidates for directors as long as the minimum threshold of share ownership is 5% and the minimum holding period of share ownership is 3 years.

We recognize the importance of shareholder access to the ballot process as a means to ensure that boards do not become self-perpetuating and self-serving. However, we are also aware that some proposals may promote certain interest groups and could be disruptive to the nomination process.

2. Proxy Contests

2a. Election of Directors

Votes in a contested election of directors must be evaluated on a case-by-case basis, considering the following factors: long-term financial performance of the subject company relative to its industry; management's track record; background to the proxy contest; qualifications of director nominees (both slates); evaluation of what each side is offering shareholders as well as the likelihood that the proposed objectives and goals can be met; and stock ownership positions.

2b. Reimburse Proxy Solicitation Expenses

Decisions to provide full reimbursement for dissidents waging a proxy contest should be made on a case by-case basis.

3. Ratification of Auditors

Vote for proposals to ratify auditors, unless an auditor has a financial interest in or association with the company, and is therefore not independent; or there is reason to believe that the independent auditor has rendered an opinion that is neither accurate nor indicative of the company's financial position.

Generally vote against auditor ratification and withhold votes from Audit Committee members if non-audit fees exceed audit fees.

Vote case-by-case on auditor Rotation Proposals: tenure of Audit Firm; establishment and disclosure of a renewal process whereby the auditor is regularly evaluated for both audit quality and competitive price; length of the rotation period advocated in the proposal; significant audit related issues; and number of annual Audit Committee meetings held and the number of financial experts that serve on the Audit Committee.

Generally vote against auditor indemnification and limitation of liability; however we recognize there may be situations where indemnification and limitations on liability may be appropriate.

4. Proxy Contest Defenses

4a. Board Structure: Staggered vs. Annual Elections

Proposals regarding classified boards will be voted on a case-by-case basis. Classified boards normally will be supported if the company's governing documents contain each of the following provisions:

1) Majority of board composed of independent directors,

2) Nominating committee composed solely of independent directors,

3) Do not require more than a two-thirds shareholders' vote to remove a director, revise any bylaw or revise any classified board provision,

4) Confidential voting (however, there may be a provision for suspending confidential voting during proxy contests),

5) Ability of shareholders to call special meeting or to act by written consent with 90 days' notice,

6) Absence of superior voting rights for one or more classes of stock,

7) Board does not have the sole right to change the size of the board beyond a stated range that has been approved by shareholders, and

8) Absence of shareholder rights plan that can only be removed by the incumbent directors (dead-hand poison pill).

4b. Shareholder Ability to Remove Directors

Vote against proposals that provide that directors may be removed only for cause.

Vote for proposals to restore shareholder ability to remove directors with or without cause.

Vote against proposals that provide that only continuing directors may elect replacements to fill board vacancies.

Vote for proposals that permit shareholders to elect directors to fill board vacancies.

4c. Cumulative Voting

Cumulative voting proposals will be voted on a case-by-case basis. If there are other safeguards to ensure that shareholders have reasonable access and input into the process of nominating and electing directors, cumulative voting is not essential. Generally, a company's governing documents must contain the following provisions for us to vote against restoring or providing for cumulative voting:

1) Annually elected board,
2) Majority of board composed of independent directors,
3) Nominating committee composed solely of independent directors,
4) Confidential voting (however, there may be a provision for suspending confidential voting during proxy contests),
5) Ability of shareholders to call special meeting or to act by written consent with 90 days' notice,
6) Absence of superior voting rights for one or more classes of stock,
7) Board does not have the sole right to change the size of the board beyond a stated range that has been approved by shareholders, and
8) Absence of shareholder rights plan that can only be removed by the incumbent directors (dead-hand poison pill).

4d. Shareholder Ability to Call Special Meeting

Vote against proposals to restrict or prohibit shareholder ability to call special meetings so long as the ability to call special meetings requires the affirmative vote of less than 15% of the shares outstanding. The ability to call special meetings enables shareholders to remove directors or initiate a shareholder resolution without having to wait for the next scheduled meeting, should require more than a de minimus number of shares to call the meeting and subject the company to the expense of a shareholder meeting.

Vote for proposals that remove restrictions on the right of shareholders to act independently of management.

4e. Shareholder Ability to Act by Written Consent

We generally vote for proposals to restrict or prohibit shareholder ability to take action by written consent. The requirement that all shareholders be given notice of a shareholders' meeting and matters to be discussed therein seems to provide a reasonable protection of minority shareholder rights.

We generally vote against proposals to allow or facilitate shareholder action by written consent.

4f. Shareholder Ability to Alter the Size of the Board

Vote for proposals that seek to fix the size of the board.

Vote against proposals that give management the ability to alter the size of the board without shareholder approval.

5. Tender Offer Defenses

5a. Poison Pills

Vote for shareholder proposals that ask a company to submit its poison pill for shareholder ratification.

Review on a case-by-case basis shareholder proposals to redeem a company's poison pill. Studies indicate that companies with a rights plan secure higher premiums in hostile takeover situations.

Review on a case-by-case basis management proposals to ratify a poison pill. We generally look for shareholder friendly features including a two- to three-year sunset provision, a permitted bid provision, a 20 percent or higher flip-in provision, and the absence of dead-hand features.

If the board refuses to redeem the pill 90 days after an offer is announced, ten percent of the shares may call a special meeting or seek a written consent to vote on rescinding the pill.

5b. Fair Price Provisions

Vote proposals to adopt fair price provisions on a case-by-case basis, evaluating factors such as the vote required to approve the proposed acquisition, the vote required to repeal the fair price provision, and the mechanism for determining the fair price.

Generally, vote against fair price provisions with shareholder vote requirements greater than a majority of disinterested shares.

5c. Greenmail

Vote for proposals to adopt antigreenmail charter or bylaw amendments or otherwise restrict a company's ability to make greenmail payments.

5d. Unequal Voting Rights

Generally, vote against dual-class recapitalizations as they offer an effective way for a firm to thwart hostile takeovers by concentrating voting power in the hands of management or other insiders.

Vote for dual-class recapitalizations when the structure is designed to protect economic interests of investors.

5e. Supermajority Shareholder Vote Requirement to Amend Charter or Bylaws

Vote against management proposals to require a supermajority shareholder vote to approve charter and bylaw amendments. Supermajority provisions violate the principle that a simple majority of voting shares should be all that is necessary to effect change regarding a company.

Vote for shareholder proposals to lower supermajority shareholder vote requirements for charter and bylaw amendments.

5f. Supermajority Shareholder Vote Requirement to Approve Mergers

Vote against management proposals to require a supermajority shareholder vote to approve mergers and other significant business combinations. Supermajority provisions violate the principle that a simple majority of voting shares should be all that is necessary to effect change regarding a company.

Vote for shareholder proposals to lower supermajority shareholder vote requirements for mergers and other significant business combinations.

6. Miscellaneous Board Provisions

6a. Separate Chairman and CEO Positions

We will generally vote for proposals looking to separate the CEO and Chairman roles unless the company has governance structures in place that can satisfactorily counterbalance a combined chairman and CEO/president post. Such a structure should include most or all of the following:

- Designated lead director, appointed from the ranks of the independent board members with clearly delineated duties. At a minimum these should include:
  - (1) Presides at all meetings of the board at which the chairman is not present, including executive sessions of the independent directors,
  - (2) Serves as liaison between the chairman and the independent directors,
  - (3) Approves information sent to the board,
  - (4) Approves meeting agendas for the board,
  - (5) Approves meeting schedules to assure that there is sufficient time for discussion of all agenda items,
  - (6) Has the authority to call meetings of the independent directors, and
  - (7) If requested by major shareholders, ensures that he is available for consultation and direct communication;
- 2/3 of independent board;
- All-independent key committees;
- Committee chairpersons nominated by the independent directors;
- CEO performance is reviewed annually by a committee of outside directors; and
- Established governance guidelines.

Additionally, the company should not have underperformed its peers and index on a one-year and three-year basis, unless there has been a change in the Chairman/CEO position within that time. Performance will be measured according to shareholder returns against index and peers.

6b. Lead Directors and Executive Sessions

In cases where the CEO and Chairman roles are combined, we will vote for the appointment of a “lead” (non-insider) director and for regular “executive” sessions (board meetings taking place without the CEO/Chairman present).

6c. Majority of Independent Directors

We generally vote for proposals that call for the board to be composed of a majority of independent directors. We believe that a majority of independent directors can be an important factor in facilitating objective decision making and enhancing accountability to shareholders.

Vote for shareholder proposals requesting that the board’s audit, compensation, and/or nominating committees include independent directors exclusively.

Generally vote for shareholder proposals asking for a 2/3 independent board.

6d. Stock Ownership Requirements

Vote for shareholder proposals requiring directors to own a minimum amount of company stock in order to qualify as a director or to remain on the board, so long as such minimum amount is not excessive or unreasonable. We support full disclosure of the policies of the company regarding pledging and/or hedging of company stocks by executives and board directors. We will vote FOR shareholder proposals which ask for disclosure of this policy. We will vote Case by Case for directors if it is determined that hedging and /or pledging of securities has occurred.

6e. Term of Office

Vote against shareholder proposals to limit the tenure of outside directors. Term limits pose artificial and arbitrary impositions on the board and could harm shareholder interests by forcing experienced and knowledgeable directors off the board.

6f. Director and Officer Indemnification and Liability Protection

Proposals concerning director and officer indemnification and liability protection should be evaluated on a case-by-case basis.

Vote against proposals to limit or eliminate director and officer liability for monetary damages for violating the relevant duty of care.

Vote against indemnification proposals that would expand coverage beyond legal expenses to acts, such as negligence, that are more serious violations of fiduciary obligations than mere carelessness.

Vote for proposals that provide such expanded coverage in cases when a director's or officer's legal defense was unsuccessful only if: (1) the director was found to have acted in good faith and in a manner that he reasonably believed was in the company's best interests, and (2) the director's legal expenses would be covered.

6g. Board Size

Vote for proposals to limit the size of the board to 15 members.

6h. Majority Vote Standard

We would generally vote for proposals asking for the board to initiate the appropriate process to amend the company's governance documents (certificate of incorporation or bylaws) to provide that director nominees shall be elected by the affirmative vote of the majority of votes cast at an annual meeting of shareholders. We would generally review on a case-by-case basis proposals that address alternative approaches to a majority vote requirement.

7. Miscellaneous Governance Provisions

7a. Independent Nominating Committee

Vote for the creation of an independent nominating committee.

7b. Confidential Voting

Vote for shareholder proposals requesting that companies adopt confidential voting, use independent tabulators, and use independent inspectors of election as long as the proposals include clauses for proxy contests as follows: In the case of a contested election, management should be permitted to request that the dissident group honor its confidential voting policy. If the dissidents agree, the policy remains in place. If the dissidents do not agree, the confidential voting policy is waived.

Vote for management proposals to adopt confidential voting.

7c. Equal Access

Vote for shareholder proposals that would give significant company shareholders equal access to management's proxy material in order to evaluate and propose voting recommendations on proxy proposals and director nominees and to nominate their own candidates to the board.

7d. Bundled Proposals

Review on a case-by-case basis bundled or "conditioned" proxy proposals. In the case of items that are conditioned upon each other, examine the benefits and costs of the packaged items. In instances where the joint effect of the conditioned items is not in shareholders' best interests, vote against the proposals. If the combined effect is positive, support such proposals.

7e. Charitable Contributions

Vote against shareholder proposals regarding charitable contributions. In the absence of bad faith, self-dealing, or gross negligence, management should determine which contributions are in the best interests of the company.

7f. Date/Location of Meeting

Vote against shareholder proposals to change the date or location of the shareholders' meeting. No one site will meet the needs of all shareholders.

7g. Include Nonmanagement Employees on Board

Vote against shareholder proposals to include nonmanagement employees on the board. Constituency representation on the board is not supported, rather decisions are based on director qualifications.

7h. Adjourn Meeting if Votes are Insufficient

Vote for proposals to adjourn the meeting when votes are insufficient. Management has additional opportunities to present shareholders with information about its proposals.

7i. Other Business

Vote for proposals allowing shareholders to bring up "other matters" at shareholder meetings.

7j. Disclosure of Shareholder Proponents

Vote for shareholder proposals requesting that companies disclose the names of shareholder proponents. Shareholders may wish to contact the proponents of a shareholder proposal for additional information.

7k.Exclusive Venue

Generally, vote for management proposals which seek shareholder approval to make the state of incorporation the exclusive forum for disputes, if the company is a Delaware corporation; otherwise, vote on a case-by-case basis on management proposals which seek shareholder approval to make the state of incorporation, or another state, the exclusive forum for disputes.

8. Capital Structure

8a. Common Stock Authorization

Review proposals to increase the number of shares of common stock authorized for issue on a case-by-case basis.

Vote against proposals to increase the number of authorized shares of a class of stock that has superior voting rights in companies that have dual-class capital structure.

8b. Stock Distributions: Splits and Dividends

Vote for management proposals to increase common share authorization for a stock split, provided that the increase in authorized shares would not result in an excessive number of shares available for issuance given a company's industry and performance as measured by total shareholder returns.

8c. Reverse Stock Splits

Vote for management proposals to implement a reverse stock split that also reduces the number of authorized common shares to a level where the number of shares available for issuance is not excessive given a company's industry and performance in terms of shareholder returns.

Vote case-by-case on proposals to implement a reverse stock split that does not proportionately reduce the number of shares authorized for issue.

8d. Blank Check Preferred Authorization

Vote against proposals authorizing the creation of new classes of preferred stock with unspecified voting, conversion, dividend distribution, and other rights ("blank check" preferred stock).

Vote for proposals to create "blank check" preferred stock in cases when the company expressly states that the stock will not be used as a takeover device.

Vote for proposals to authorize preferred stock in cases when the company specifies voting, dividend, conversion, and other rights of such stock and the terms of the preferred stock appear reasonable.

Vote case-by-case on proposals to increase the number of blank check preferred shares after analyzing the number of preferred shares available for issue given a company's industry and performance as measured by total shareholder returns.

8e. Shareholder Proposals Regarding Blank Check Preferred Stock

Vote for shareholder proposals to have blank check preferred stock placements, other than those shares issued for the purpose of raising capital or making acquisitions in the normal course of business, submitted for shareholder ratification.

8f. Adjustments to Par Value of Common Stock

Vote for management proposals to reduce the par value of common stock. The purpose of par value is to establish the maximum responsibility of a shareholder in the event that a company becomes insolvent.

8g. Restructurings/Recapitalizations

Review proposals to increase common and/or preferred shares and to issue shares as part of a debt restructuring plan or if the company is in danger of being delisted on a case-by-case basis. Consider the following issues:

- **Dilution –** How much will ownership interest of existing shareholders be reduced, and how extreme will dilution to any future earnings be?
- **Change in Control –** Will the transaction result in a change in control of the company?

- **Bankruptcy –** Generally, approve proposals that facilitate debt restructurings unless there are clear signs of self-dealing or other abuses.

8h. Share Repurchase Programs

Vote for management proposals to institute open-market share repurchase plans in which all shareholders may participate on equal terms.

8i. Targeted Share Placements

These shareholder proposals ask companies to seek stockholder approval before placing 10% or more of their voting stock with a single investor. The proposals are in reaction to the placement by various companies of a large block of their voting stock in an ESOP, parent capital fund or with a single friendly investor, with the aim of protecting themselves against a hostile tender offer. These proposals are voted on a case by case basis after reviewing the individual situation of the company receiving the proposal.

9. Execute and Director Compensation

9a. Stock-based Incentive Plans

Votes with respect to compensation plans should be determined on a case-by-case basis. The analysis of compensation plans focuses primarily on the transfer of shareholder wealth (the dollar cost of pay plans to shareholders). Other matters included in our analysis are the amount of the company's outstanding stock to be reserved for the award of stock options, whether the exercise price of an option is less than the stock's fair market value at the date of the grant of the options, and whether the plan provides for the exchange of outstanding options for new ones at lower exercise prices. Every award type is valued. An estimated dollar cost for the proposed plan and all continuing plans is derived. This cost, dilution to shareholders' equity, will also be expressed as a percentage figure for the transfer of shareholder wealth and will be considered along with dilution to voting power.

Once the cost of the plan is estimated, it is compared to a company-specific dilution cap. The allowable cap is industry-specific, market cap-based, and pegged to the average amount paid by companies performing in the top quartile of their peer groupings. To determine allowable caps, companies are categorized according to standard industry code (SIC) groups. Top quartile performers for each group are identified on the basis of five-year total shareholder returns. Industry-specific cap equations are developed using regression analysis to determine those variables that have the strongest correlation to shareholder value transfer. Industry equations are used to determine a company-specific allowable cap; this is accomplished by plugging company specific data into the appropriate industry equation to reflect size, performance, and levels of cash compensation.

Votes are primarily determined by this quantitative analysis. If the proposed plan cost is above the allowable cap, an against vote is indicated. If the proposed cost is below the allowable cap, a vote for the plan is indicated unless the plan violates the repricing guidelines. If the company has a history of repricing options or has the express ability to reprice underwater stock options without first securing shareholder approval under the proposed plan, the plan receives an against vote—even in cases where the plan cost is considered acceptable based on the quantitative analysis.

We vote against equity plans that have high average three year burn rates, unless the company has publicly committed to reduce the burn rate to a rate that is comparable to its peer group (as determined by JPMAM). JPMAM defines high average three-year burn rate as the following: the company's most recent three-year burn rate exceeds one standard deviation by Russell 3000 index and non-Russell 3000 index; the company's most recent three-year burn rate exceeds two percent of common shares outstanding.

Review case by case stock based plans for companies which rely heavily upon stock for incentive compensation. These companies include high growth and financial services companies where threshhold tests fall within 5% of either threshold test (burn rate and /or shareholder transfer value tests).

9a. Stock-based Incentive Plans

For companies in the Russell 3000 we will generally vote against a plan and/or withhold from members of the compensation committee, when there is a disconnect between the CEO's pay and performance (an increase in pay and a decrease in performance), the main source for the pay increase is equity-based, and the CEO participates in the plan being voted on. Specifically, if the company has negative one- and three-year total shareholder returns, and its CEO also had an increase in total direct compensation from the prior year, it would signify a disconnect in pay and performance. If more than half of the increase in total direct compensation is attributable to the equity component, we would generally recommend against the equity plan in which the CEO participates.

9b. Approval of Cash or Cash-and-Stock Bonus Plans

Vote for cash or cash-and-stock bonus plans to exempt the compensation from limits on deductibility under the provisions of Section 162(m) of the Code.

9c. Shareholder Proposals to Limit Executive and Director Pay

Generally, vote for shareholder proposals that seek additional disclosure of executive and director pay information.

Review on a case-by-case basis all other shareholder proposals that seek to limit executive and director pay.

Review on a case-by-case basis shareholder proposals for performance pay such as indexed or premium priced options if a company has a history of oversized awards and one-, two- and three-year returns below its peer group.

9d. Say on Pay – Advisory Vote

Generally, review on a case-by-case basis executive pay and practices as well as certain aspects of outside director compensation.

Where the company's Say on Pay proposal received 60% or less support on its previous Say on Pay proposal, WITHHOLD votes for the compensation committee and or vote against the current Say on Pay proposal unless the company has demonstrated active engagement with shareholders to address the issue as well as the specific actions taken to address the low level of support.

Say on Pay – Frequency

JPMAM will review compensation versus long/term performance on an annual basis.

9e. Golden and Tin Parachutes

Review on a case-by-case basis all proposals to ratify or cancel golden or tin parachutes. Favor golden parachutes that limit payouts to two times base salary, plus guaranteed retirement and other benefits.

Change-in-control payments should only be made when there is a significant change in company ownership structure, and when there is a loss of employment or substantial change in job duties associated with the change in company ownership structure ("double-triggered"). Change-in-control provisions should exclude excise tax gross-up and eliminate the acceleration of vesting of equity awards upon a change in control unless provided under a double-trigger scenario.

Generally vote case-by-case for proposals calling companies to adopt a policy of obtaining shareholder approval for any future agreements and corporate policies that could oblige the company to make payments or awards following the death of a senior executive in the form of unearned salary or bonuses, accelerated vesting or the continuation in force of unvested equity grants, perquisites and other payments or awards made in lieu of compensation. This would not apply to any benefit programs or equity plan proposals for which the broad-based employee population is eligible.

9f. 401(k) Employee Benefit Plans

Vote for proposals to implement a 401(k) savings plan for employees.

9g. Employee Stock Purchase Plans

Vote for qualified employee stock purchase plans with the following features: the purchase price is at least 85 percent of fair market value; the offering period is 27 months or less; and potential voting power dilution (shares allocated to the plan as a percentage of outstanding shares) is ten percent or less.

Vote for nonqualified employee stock purchase plans with the following features: broad-based participation (i.e., all employees of the company with the exclusion of individuals with five percent or more of beneficial ownership of the company); limits on employee contribution, which may be a fixed dollar amount or expressed as a percentage of base salary; company matching contribution up to 25 percent of the employee's contribution, which is effectively a discount of 20 percent from market value; and no discount on the stock price on the date of purchase since there is a company matching contribution

9h. Option Expensing

Generally, vote for shareholder proposals to expense fixed-price options.

9i. Option Repricing

In most cases, we take a negative view of option repricings and will, therefore, generally vote against such proposals. We do, however, consider the granting of new options to be an acceptable alternative and will generally support such proposals.

9j. Stock Holding Periods

Generally vote against all proposals requiring executives to hold the stock received upon option exercise for a specific period of time.

9k. Transferable Stock Options

Review on a case-by-case basis proposals to grant transferable stock options or otherwise permit the transfer of outstanding stock options, including cost of proposal and alignment with shareholder interests.

9l. Recoup Bonuses

Vote case-by-case on shareholder proposals to recoup unearned incentive bonuses or other incentive payments made to senior executives if it is later determined that fraud, misconduct, or negligence significantly contributed to a restatement of financial results that led to the awarding of unearned incentive compensation.

9m. Two Tiered Compensation

Vote against proposals to adopt a two tiered compensation structure for board directors.

10. Incorporation

10a. Reincoporation Outside of the United States

Review on a case-by-case basis proposals to reincorporate the company outside of the U.S.

10b. Voting on State Takeover Statues

Review on a case-by-case basis proposals to opt in or out of state takeover statutes (including control share acquisition statutes, control share cash-out statutes, freezeout provisions, fair price provisions, stakeholder laws, poison pill endorsements, severance pay and labor contract provisions, antigreenmail provisions, and disgorgement provisions).

10c. Voting on Reincorporation Proposals

Proposals to change a company's state of incorporation should be examined on a case-by-case basis. Review management's rationale for the proposal, changes to the charter/bylaws, and differences in the state laws governing the companies.

11. Mergers and Corporate Restructurings

11a. Mergers and Acquisitions

Votes on mergers and acquisitions should be considered on a case-by-case basis, taking into account factors including the following: anticipated financial and operating benefits; offer price (cost vs. premium); prospects of the combined companies; how the deal was negotiated; and changes in corporate governance and their impact on shareholder rights.

11b. Nonfinancial Effects of a Merger or Acquisition

Some companies have proposed a charter provision which specifies that the board of directors may examine the nonfinancial effect of a merger or acquisition on the company. This provision would allow the board to evaluate the impact a proposed change in control would have on employees, host communities, suppliers and/or others. We generally vote against proposals to adopt such charter provisions. We feel it is the directors' fiduciary duty to base decisions solely on the financial interests of the shareholders.

11c. Corporate Restructuring

Votes on corporate restructuring proposals, including minority squeezeouts, leveraged buyouts, "going private" proposals, spin-offs, liquidations, and asset sales, should be considered on a case-by-case basis.

11d. Spin-offs

Votes on spin-offs should be considered on a case-by-case basis depending on the tax and regulatory advantages, planned use of sale proceeds, market focus, and managerial incentives.

11e. Asset Sales

Votes on asset sales should be made on a case-by-case basis after considering the impact on the balance sheet/working capital, value received for the asset, and potential elimination of diseconomies.

11f. Liquidations

Votes on liquidations should be made on a case-by-case basis after reviewing management's efforts to pursue other alternatives, appraisal value of assets, and the compensation plan for executives managing the liquidation.

11g. Appraisal Rights

Vote for proposals to restore, or provide shareholders with, rights of appraisal. Rights of appraisal provide shareholders who are not satisfied with the terms of certain corporate transactions the right to demand a judicial review in order to determine a fair value for their shares.

11h. Changing Corporate Name

Vote for changing the corporate name.

12. Social and Environmental Issues

We believe that a company's environmental policies may have a long-term impact on the company's financial performance. We believe that good corporate governance policies should consider the impact of company operations on the environment and the cost of compliance with laws and regulations relating to environmental matters, physical damage to the environment (including the costs of clean-ups and repairs), consumer preferences and capital investments related to climate change. Furthermore, we believe that corporate shareholders have a legitimate need for information to enable them to evaluate the potential risks and opportunities that climate change and other environmental matters pose to the company's operations, sales and capital investments. We acknowledge that many companies disclose their practices relating to social and environmental issues and that disclosure is improving over time. We generally encourage a level of reporting that is not unduly costly or burdensome and which does not place the company at a competitive disadvantage, but which provides sufficient information to enable shareholders to evaluate the company's environmental policies and performance. In general we support management disclosure practices except for those companies that have been involved in controversies, fines or litigation.

12a. Military Business

Vote **case-by-case** on defense issue proposals.

Vote **case-by-case** on disclosure reports that seek additional information on military-related operations.

12b. International Labor Organization Code of Conduct

Vote **case-by-case** on proposals to endorse international labor organization code of conducts.

Vote **case-by-case** on disclosure reports that seek additional information on company activities in this area.

12c. Promote Human Rights in China, Nigeria, the Sudan and Burma

Vote **case-by-case** on proposals to promote human rights in countries such as China, Nigeria, the Sudan and Burma.

Vote **case-by-case** on disclosure reports that seek additional information on company activities regarding human rights.

12d. Equal Employment Opportunity and Discrimination

Vote **case-by-case** on proposals regarding equal employment opportunities and discrimination.

Vote **case-by-case** on disclosure reports that seek additional information about affirmative action efforts, particularly when it appears that companies have been unresponsive to shareholder requests.

12e. Animal Rights

Vote **case-by-case on** proposals that deal with animal rights.

12f. Product Integrity and Marketing

Vote **case-by-case on** proposals that ask companies to end their production of legal, but socially questionable, products.

Vote **case-by-case** on disclosure reports that seek additional information regarding product integrity and marketing issues.

Vote **case-by-case** on resolutions requesting the disclosure and implementation of Internet privacy and censorship policies and procedures.

Vote **case-by-case** on proposals requesting the company to report on its policies, initiatives/procedures, oversight mechanisms related to toxic materials, including certain product line toxicities, and/or product safety in its supply chain.

12g. Human Resources Issues

Vote **case-by-case** on proposals regarding human resources issues.

Vote **case-by-case** on disclosure reports that seek additional information regarding human resources issues.

12h. Link Executive Pay with Social and/or Environmental Criteria

Vote **case-by-case** on proposals to link executive pay with the attainment of certain social and/or environmental criteria.

Vote **case-by-case** on disclosure reports that seek additional information regarding this issue.

12i. High Risk Markets

Vote **case-by-case** on requests for the company to review and report on the financial and reputation risks associated with operations in "high risk" markets, such as a terrorism-sponsoring state or otherwise.

12j. Political Contribution

Generally vote against proposals asking the company to affirm political non-partisanship in the workplace.

Vote against proposals to publish the company's political contributions taking into consideration recent, significant controversies, fines or litigation regarding the company's political contributions or trade association spending.

13. Foreign Proxies

Responsibility for voting non-U.S. proxies rests with our Proxy Voting Committee located in London. The Proxy Committee is composed of senior analysts and portfolio managers and officers of the Legal and Compliance Department. It is chaired by a Managing Director of the Firm. A copy of our policy for voting international proxies can be provided upon request.

14. Pre-Solicitation Contact

From time to time, companies will seek to contact analysts, portfolio managers and others in advance of the formal proxy solicitation to solicit support for certain contemplated proposals. Such contact can potentially result in the recipient receiving material non-public information and result in the imposition of trading restrictions. Accordingly, pre-solicitation contact should occur only under very limited circumstances and only in accordance with the terms set forth herein.

What is material non-public information?

The definition of material non-public information is highly subjective. The general test, however, is whether or not such information would reasonably affect an investor's decision to buy, sell or hold securities, or whether it would be likely to have a significant market impact. Examples of such information include, but are not limited to:

- a pending acquisition or sale of a substantial business;
- financial results that are better or worse than recent trends would lead one to expect;

- major management changes;
- an increase or decrease in dividends;
- calls or redemptions or other purchases of its securities by the company;
- a stock split, dividend or other recapitalization; or
- financial projections prepared by the Company or the Company's representatives.

What is pre-solicitation contact?

Pre-solicitation contact is any communication, whether oral or written, formal or informal, with the Company or a representative of the Company regarding proxy proposals prior to publication of the official proxy solicitation materials. This contact can range from simply polling investors as to their reaction to a broad topic, e.g., "How do you feel about dual classes of stock?", to very specific inquiries, e.g., "Here's a term sheet for our restructuring. Will you vote to approve this?"

Determining the appropriateness of the contact is a factual inquiry which must be determined on a case-by-case basis. For instance, it might be acceptable for us to provide companies with our general approach to certain issues. Promising our vote, however, is prohibited under all circumstances. Likewise, discussion of our proxy guidelines, in whole or in part, with a company or others is prohibited. In the event that you are contacted in advance of the publication of proxy solicitation materials, please notify the Legal/Compliance Department immediately. The Company or its representative should be instructed that all further contact should be with the Legal/Compliance Department.

It is also critical to keep in mind that as a fiduciary, we exercise our proxies solely in the best interests of our clients. Outside influences, including those from within J.P. Morgan Chase should not interfere in any way in our decision making process. Any calls of this nature should be referred to the Legal/Compliance Department for response.

QS Legg Mason Global Asset Allocation, LLC

Proxy Voting Policy

May 5, 2014

Introduction

Legg Mason Global Asset Allocation, LLC ("LMGAA") has adopted and implemented policies and procedures, which it believes are reasonably designed to ensure that proxies are voted in the best economic interest of its clients and in accordance with its fiduciary duties and applicable regulations. This Policy shall apply to all accounts managed by LMGAA. In addition, LMGAA's Proxy Policy reflects the fiduciary standards and responsibilities for ERISA accounts managed by LMGAA.

Responsibilities

Proxy votes are the property of LMGAA's advisory clients.[1] As such, LMGAA's authority and responsibility to vote such proxies depends upon its contractual relationships with its clients. LMGAA has delegated responsibility for effecting its advisory clients' proxy votes to Institutional Shareholder Services ("ISS"), an independent third-party proxy voting specialist. ISS votes LMGAA's advisory clients' proxies in accordance with their (ISS's) proxy guidelines or, in extremely limited circumstances, LMGAA's specific instructions. Where a client has given specific instructions as to how a proxy should be voted, LMGAA will notify and direct ISS to carry out those instructions. Where no specific instruction exists, LMGAA will follow the procedures set forth in this document and vote such proxies in accordance with ISS's guidelines. Certain Taft-Hartley clients may direct LMGAA to have ISS vote their proxies in accordance with ISS's (or other specific) Taft Hartley voting Guidelines.

Alternatively, clients may elect to retain proxy voting authority and responsibility. These and other proxy-related instructions must be outlined in the investment management agreement or other contractual arrangements with each client.

Clients may in certain instances contract with their custodial agent and notify LMGAA that they wish to engage in securities lending transactions. LMGAA will not vote proxies relating to securities in client accounts that are on loan. In such cases, it is the responsibility of the custodian to deduct the number of shares that are on loan to ensure they are not voted by multiple parties.

[1] For purposes of these Policies and Procedures, "clients" refers to persons or entities: for which LMGAA serves as investment adviser or sub-adviser; for which LMGAA votes proxies; and that have an economic or beneficial ownership interest in the portfolio securities of issuers soliciting such proxies.

Policies

Proxy voting activities are conducted in the best economic interest of clients.

LMGAA works with ISS to ensure that all proxies are voted in accordance with what we believe to be the best economic interest of LMGAA's clients. In addition to proxy voting services provided by ISS, LMGAA has also contracted with ISS to provide proxy advisory services. These services include research and other activities designed to gain insight into ballot decisions and make informed voting recommendations consistent with our fiduciary duty to our clients. ISS has developed and maintains Proxy Voting Guidelines (the

"Guidelines") consisting of standard voting positions on a comprehensive list of common proxy voting matters. ISS updates these Guidelines based on consideration of current corporate governance principles, industry standards, client feedback, and a number of other relevant factors. Changes to these Guidelines are communicated to LMGAA upon implementation.

While ISS has been instructed to vote our clients' proxies in accordance with the Guidelines, LMGAA and our clients retain the right to instruct ISS to vote differently.

Underlying Funds

Certain LMGAA client accounts, including clients that are "Funds of Funds," invest in underlying investment funds, including U.S. registered investment companies ("Underlying Funds"). Proxy voting with respect to shares, units or interests in Underlying Funds present diverse and complex policy issues that make the establishment of standard proxy voting guidelines impractical. To the extent that LMGAA has proxy voting authority with respect to shares, units or interests in Underlying Funds, LMGAA shall vote such shares, units or interests in the best interest of client accounts and subject to the general fiduciary principles set forth above rather than in accordance with the Guidelines.

LMGAA's proxy voting authority on behalf of client accounts (including a Fund of Funds) with respect to shares, units or interests in Underlying Funds is subject to the provisions below in *Proxy Voting of Underlying Funds,*

MANAGER OF MANAGER ARRANGEMENTS

LMGAA advises certain client accounts that are structured as "Manager of Managers" arrangements in which various segments of the accounts are individually managed by a number of underlying investment advisers ("Underlying Managers"). In such arrangements, LMGAA generally does not exercise any proxy voting authority with respect to securities held in the client's account. Proxy voting authority in such arrangements is typically assigned to the Underlying Managers.

Management Oversight

Management is responsible for overseeing LMGAA's proxy voting activities, including reviewing and monitoring the Guidelines that provide how ISS will generally vote proxies on behalf of LMGAA clients no less frequently than annually. Compliance is responsible for coordinating with ISS to administer the proxy voting process and overseeing ISS's proxy responsibilities. Compliance monitors voting activity to ensure that votes are cast in accordance with the Guidelines or client-specific guidelines and/or any applicable regulatory requirements.

Availability of Proxy Voting Policies and Procedures and Proxy Voting Record

Copies of this Policy, as it may be updated from time to time, are made available to clients as required by law and otherwise at LMGAA's discretion. Clients may also obtain information on how their proxies were voted by LMGAA as required by law and otherwise at LMGAA's discretion; however, LMGAA must not selectively disclose its investment company clients' proxy voting records. The Firm will make proxy voting reports available to advisory clients upon request.

ISS's current Guidelines, summaries, amendments, and other pertinent information can be accessed by visiting their website at the following address: http://www.issgovernance.com/policy.

Procedures

Proxy Voting Guidelines

LMGAA will review ISS's Guidelines as necessary to support the best economic interests of LMGAA's clients but generally no less frequently than annually. The Firm will choose to re-adopt or amend portions of or the entirety of the Guidelines, whether as a result of the annual review or otherwise, taking solely into account the best economic interests of LMGAA's clients. Before re-adopting or amending the Guidelines, Compliance, in consultation with Management, will thoroughly review and evaluate the proposed change(s) and rationale to evaluate potential conflicts with client or employee interests. Rationale for any decisions not to re-adopt ISS's Guidelines will be fully documented.

Proxy Voting of Underlying Funds

Proxy Voting of Affiliated Funds

With respect to proxy voting for a client account (including a Fund of Funds) investing in shares, units or interests of Underlying Funds advised by LMGAA or an affiliate of LMGAA (including ETFs, open-end mutual funds and closed-end investment companies), proxies relating to any of such affiliated Underlying Funds generally will be voted in accordance with an echo voting procedure under which such proxies are voted in the same proportion as the votes from other shareholders of such affiliated Underlying Fund. LMGAA may vote such proxies in accordance with other voting procedures approved by Management and Compliance, provided such procedures comply with applicable law and/or regulatory requirements.

Proxy Voting of Unaffiliated Funds

With respect to proxy voting for a client account (including a Fund of Funds) investing in shares, units or interests of an Underlying Fund advised by an adviser which is unaffiliated with LMGAA (including ETFs, open-end mutual funds and closed-end investment companies), LMGAA will vote such proxies in accordance with the general fiduciary principles set forth above; provided that LMGAA: (i) will vote proxies relating to shares of ETFs in accordance with an echo voting procedure to the extent required by LMGAA's Procedures Relating to

Compliance with ETF Exemptive Orders under Section 12(d)(1) of the Investment Company Act of 1940, and (ii) will vote proxies relating to shares of open-end mutual funds and closed-end investment companies in accordance with an echo voting procedure to the extent required in order to comply with Section 12(d)(1) under the Investment Company Act of 1940 and rules thereunder. Voting procedures are intended to be in the best interest of client accounts and subject to the general fiduciary principles set forth above, and such procedures are subject to review by Management and Compliance.

Specific proxy voting decisions made by Management

Proxy proposals (i) that are not covered by specific client instructions or the Guidelines; or (ii) that, according to the Guidelines, should be evaluated and voted on a case-by-case basis will be referred to Management and Portfolio Management for review and to provide a voting instruction.

Certain proxy votes may not be cast

In extremely limited cases, LMGAA may determine that it is in the best economic interests of its clients not to vote certain proxies. LMGAA will abstain from voting if:

Neither the Guidelines nor specific client instructions cover an issue;

ISS does not make a recommendation on the issue; and

LMGAA cannot make a good faith determination as to what would be in the client's best interest (e.g., material conflict cannot be mitigated).

In other cases, it may not be possible to vote certain proxies, despite good faith efforts to do so. Examples may include:

Proxy ballot was not received from the custodian;

Meeting notice was not received with adequate time for processing; or

Legal restrictions, including share blocking, that may restrict liquidity or otherwise limit trading.

ISS will coordinate with Compliance regarding any specific proxies and any categories of proxies that will not or cannot be voted. The reasons for not voting any proxy shall be documented.

Conflict of Interest Procedures

LMGAA seeks to mitigate conflicts inherent in proxy voting and maintain independence by partnering with ISS for voting and administration of all client ballots. These conflicts may include:

The issuer is a client of LMGAA;

The issuer is a material business partner of LMGAA; or

An employee, or an immediate family member of an employee, of LMGAA serves as an officer or director of the issuer.

LMGAA believes that this Policy and our reliance on ISS for independent proxy decision-making reasonably ensure that these and other potential material conflicts are minimized, consistent with our fiduciary duty. Accordingly, proxies that will be voted in accordance with the Guidelines or in accordance with specific client instructions are not subject to the conflicts of interest procedures described below for items that are referred to LMGAA by ISS.

As a general matter, LMGAA takes the position that relationships between a non-LMGAA Legg Mason business unit and an issuer do not present a conflict of interest for LMGAA in voting proxies with respect to such issuer because LMGAA operates as an independent business unit from other Legg Mason business units and because of the existence of informational barriers between LMGAA and such business units.

Procedures to Address Conflicts of Interest and Improper Influence

Note: This section addresses the limited circumstances in which items that are referred to LMGAA by ISS.

Overriding Principle: ISS will vote all proxies in accordance with the Guidelines. In the limited circumstances where ISS refers items to LMGAA for input or a voting decision, LMGAA will vote those proxies in accordance with what it, in good faith, determines to be the best economic interests of LMGAA's clients.[1]

[1] Any contact from external parties interested in a particular vote that attempts to exert improper pressure or influence shall be reported to Compliance

Independence: Compensation for all employees, particularly those with the ability to influence proxy voting in these limited circumstances, cannot be based upon their contribution to any business activity outside of LMGAA without prior approval from Management. Furthermore, they may not discuss proxy votes with any person outside of LMGAA (and within LMGAA only on a need to know basis).

Conflict Review Procedures: For items that are referred to LMGAA from ISS, Compliance will monitor for potential material conflicts of interest in connection with proxy proposals. Promptly upon a determination that a conflict exists in connection with a proxy proposal, the vote shall be escalated to Management. Management will collect and review any information deemed reasonably appropriate to evaluate, in its reasonable judgment, if LMGAA or any person participating in the proxy voting process has, or has the appearance of, a material conflict of interest. For the purposes of this policy, a conflict of interest shall be considered “material” to the extent that a reasonable person could expect the conflict to influence, or appear to influence, LMGAA’s decision on the particular vote at issue.

The information considered may include without limitation information regarding (i) client relationships; (ii) any relevant personal conflict known or brought to their attention; (iii) and any communications with members of the Firm and any person or entity outside of the organization that identifies itself as a LMGAA advisory client regarding the vote at issue.

If notified that LMGAA has a material conflict of interest, the Firm will obtain instructions as to how the proxies should be voted, if time permits, from the affected clients. If notified that certain individuals should be recused from the proxy vote at issue, LMGAA shall do so in accordance with the procedures set forth below.

Note: Any LMGAA employee who becomes aware of a potential material conflict of interest in respect of any proxy vote to be made on behalf of clients shall notify Management and Compliance to evaluate such conflict and determine a recommended course of action.

At the beginning of any discussion regarding how to vote any proxy, Compliance will inquire as to whether any employee or any person participating in the proxy voting process has a personal conflict of interest or has actual knowledge of an actual or apparent conflict that has not been reported to Management and/or Compliance.

Compliance also will inquire of these same parties whether they have actual knowledge regarding whether any director, officer or employee outside of LMGAA that identifies itself as a LMGAA advisory client, has: (i) requested that LMGAA vote a particular proxy in a certain manner; (ii) attempted to influence LMGAA in connection with proxy voting activities; or (iii) otherwise communicated with the Firm regarding the particular proxy vote at issue, and which incident has not yet been reported to management and/or Compliance.

Compliance will determine whether anyone should be recused from the proxy voting process, or whether LMGAA should seek instructions as to how to vote the proxy at issue if time permits, from the affected clients. These inquiries and discussions will be properly documented.

Duty to Report: Any LMGAA employee that is aware of any actual or apparent conflict of interest relevant to, or any attempt by any person outside of organization or any entity that identifies itself as a LMGAA advisory client to influence, how LMGAA votes its proxies has a duty to disclose the existence of the situation to their manager and the details of the matter to Compliance. In the case of any person participating in the deliberations on a specific vote, such disclosure should be made before engaging in any activities or participating in any discussion pertaining to that vote.

Recusal of Members: Compliance will recuse any employee from participating in a specific proxy vote referred to LMGAA if he/she (i) is personally involved in a material conflict of interest; or (ii) as determined by Management and Compliance, has actual knowledge of a circumstance or fact that could affect their independent judgment, in respect of such vote. Management will also exclude from consideration the views of any person (whether requested or volunteered) if Management knows, or if Compliance has determined that such other person has a material conflict of interest with respect to the particular proxy, or has attempted to influence the vote in any manner prohibited by these policies.

Other Procedures That Limit Conflicts of Interest

LMGAA has adopted a number of policies, procedures and internal controls that are designed to avoid various conflicts of interest, including those that may arise in connection with proxy voting, including but not limited to the *Confidential Information Policy* and the *Code of Ethics.* The Firm expects that these policies, procedures and internal controls will greatly reduce the chance that the Firm (or, its employees) would be involved in, aware of or influenced by, an actual or apparent conflict of interest.

RECORDKEEPING

LMGAA will retain records of client requests for proxy voting information and any written responses thereto provided by LMGAA, and will retain any documents the Firm or Compliance prepared that were material to making a voting decision or that memorialized the basis for a proxy voting decision.

LMGAA also will create and maintain appropriate records documenting its compliance with this Policy, including records of its deliberations and decisions regarding conflicts of interest and their resolution.

With respect to LMGAA’s investment company clients, ISS will create and maintain such records as are necessary to allow such investment company clients to comply with their recordkeeping, reporting and disclosure obligations under applicable law.

LMGAA will also maintain the following records relating to proxy voting:

- The name of the issuer of the portfolio security;
- The exchange ticker symbol of the portfolio security (if symbol is available through reasonably practicable means);
- The Council on Uniform Securities Identification Procedures number for the portfolio security (if the number is available through reasonably practicable means);
- The shareholder meeting date;
- A copy of each proxy statement received by LMGAA;

- A brief identification of the matter voted on;
- Whether the matter was proposed by the issuer or by a security holder;
- Whether LMGAA cast its vote on the matter;
- How LMGAA cast its vote (e.g., for or against proposal, or abstain; for or withhold regarding election of directors); and
- Whether LMGAA cast its vote for or against management.

In lieu of keeping copies of proxy statements, LMGAA may rely on proxy statements filed on the EDGAR system. LMGAA also may rely on third party records of proxy statements and votes cast by LMGAA if the third party provides an undertaking to LMGAA to provide such records promptly upon request.

* * *

Madison Asset Management, LLC

Proxy Voting Policies and Procedures

Madison's policies regarding voting the proxies of securities held in client accounts depend on the nature of its relationship to the client. When Madison is an ERISA fiduciary of an account, there are additional considerations and procedures than for all other (regular) accounts. In all cases, when Madison votes client proxies, it must do so in the client's best interests as described below by these policies.

REGULAR ACCOUNTS

Madison does not assume the role of an active shareholder when managing client accounts. If Madison is dissatisfied with the performance of a particular company, it will generally reduce or terminate the fund's position in the company rather than attempt to force management changes through shareholder activism.

MAKING THE INITIAL DECISION ON HOW TO VOTE THE PROXY

As stated above, Madison's goal and intent is to vote all proxies in the client's best interests. For practical purposes, unless Madison makes an affirmative decision to the contrary, when it votes a proxy as the board of directors of a company recommends, it means Madison agrees with the board that voting in such manner is in the interests of its clients as shareholders of the company for the reasons stated by the board. However, if Madison believes that voting as the board of directors recommends would not be in a client's best interests, then Madison must vote against the board's recommendation.

As a matter of standard operating procedure, all proxies received shall be voted (by telephone or Internet or through a proxy voting service), unless Madison is not authorized to vote proxies. When the client has reserved the right to vote proxies in his/her/its account, Madison must make arrangements for proxies to be delivered directly to such client from its custodian and, to the extent any such proxies are received by Madison inadvertently, promptly forward them to the client.

DOCUMENTING MADISON'S DECISIONS

In cases where a proxy will NOT be voted or, as described below, voted against the board of directors recommendation, Madison's policy is to make a notation to the file containing the records for such security (e.g., Corporation X research file, because Madison may receive numerous proxies for the same company and it is impractical to keep such records in the file of each individual client) explaining Madison's action or inaction, as the case may be.

Alternatively, or in addition to such notation, Madison may include a copy of the rationale for such decision in the appropriate equity correspondence file.

WHY WOULD VOTING AS THE BOARD RECOMMENDS NOT BE IN THE CLIENT'S BEST INTERESTS?

Portfolio management must, at a minimum, consider the following questions before voting any proxy:

1. Is the board of directors recommending an action that could dilute or otherwise diminish the value of the client's position? (This question is more complex than it looks: Madison must consider the time frames involved for both the client and the issuer. For example, if the board of directors is recommending an action that might initially cause the position to lose value but will increase the value of the position in the long-term, Madison would vote as the board recommended for if Madison is holding the security for clients as a long-term investment. However, if the investment is close to Madison's valuation limits and Madison is anticipating eliminating the position in the short-term, then it would be in its clients' best interests to vote against management's recommendation.)
2. If so, would Madison be unable to liquidate the affected securities without incurring a loss that would not otherwise have been recognized absent management's proposal?
3. Is the board of directors recommending an action that could cause the securities held to lose value, rights or privileges and there are no comparable replacement investments readily available on the market? (For example, a company can be uniquely positioned in the market because of its valuation compared with otherwise comparable securities such that it would not be readily replaceable if Madison were to liquidate the position. In such a situation, Madison might vote against management's recommendation if Madison believe a "No" vote could help prevent future share price depreciation resulting from management's proposal or if Madison believe

the value of the investment will appreciate if management's proposal fails. A typical recent example of this type of decision is the case of a board recommendation not to expense stock options, where Madison would vote against management's recommendation because Madison believes expensing such options will do more to enhance shareholder value going forward.)

4. Would accepting the board of directors recommendation cause Madison to violate its client's investment guidelines? (For example, a board may recommend merging the company into one that is not permitted by client investment guidelines, e.g. a tobacco product company, a foreign security that is not traded on any U.S. exchange or in U.S. dollars, etc., restrictions often found in client investment guidelines. This would be an unusual situation and it is possible Madison would, nevertheless, vote in favor of a board's recommendation in anticipation of selling the investment prior to the date any vote would effectively change the nature of the investment as described. Moreover, this does not mean Madison will consider any client-provided proxy voting guidelines. Madison's policy is that client investment guidelines may not include proxy voting guidelines if Madison will vote account proxies. Rather, Madison will only vote client proxies in accordance with these guidelines. Clients who wish their account proxies to be voted in accordance with their own proxy voting guidelines must retain proxy voting authority for themselves.)

Essentially, Madison must "second guess" the board of directors to determine if their recommendation is in the best interests of its clients, regardless of whether the board thinks its recommendation is in the best interests of shareholders in general. The above questions should apply no matter the type of action subject to the proxy. For example, changes in corporate governance structures, adoption or amendments to compensation plans (including stock options) and matters involving social issues or corporate responsibility should all be reviewed in the context of how it will affect Madison's clients' investment.

In making its decisions, to the extent Madison relies on any analysis outside of the information contained in the proxy statements, Madison must retain a record of such information in the same manner as other books and records (two years in the office, five years in an easily accessible place). Also, if a proxy statement is NOT available on the SEC's EDGAR database, Madison must keep a copy of the proxy statement.

ADDRESSING CONFLICTS OF INTEREST

Although it is not likely, in the event there is a conflict of interest between Madison and its client in connection with a material proxy vote (for example, (1) the issuer or an affiliate of the issuer is also a client or is actively being sought as a client or (2) Madison has a significant business relationship with the issuer such that voting in a particular manner could jeopardize this client and/or business relationship), Madison's policy is to alert affected client(s) of the conflict before voting and indicate the manner in which Madison will vote. In such circumstances, Madison's client(s) may instruct it to vote in a different manner. In any case, Madison must obtain client consent to vote the proxy when faced with a conflict of interest. If the conflict involves a security held by a mutual fund Madison manages, then Madison must present the material conflict to the board of the applicable fund for consent or direction to vote the proxies. If the conflict involves a security held by wrap accounts, then Madison may present the conflict to the wrap sponsor, as its agent, to obtain wrap client consent or direction to vote the proxies. Note that no conflict generally exists for routine proxy matters such as approval of the independent auditor (unless, of course, the auditor in question is a client, Madison is seeking the auditor as a client or Madison has a significant business relationship with the auditor), electing an uncontested board of directors, etc.

In the event it is impractical to obtain client consent to vote a proxy when faced with a conflict of interest, or at the request of the applicable fund board, Madison will employ the services of an independent third party "proxy services firm" to make the proxy voting decision in accordance with Rule 206(4)-6 under the Investment Advisors Act of 1940, as amended.

Once any member of the relevant portfolio management team determines that it would be in Madison's clients' best interests to vote AGAINST management recommendations (or, for Madison Scottsdale and Concord Asset Management, any particular portfolio manager makes such determination), then the decision should be brought to the attention of the Investment Committee, or any subcommittee appointed by the Investment Committee from among its members (such subcommittee may be a single person), to ratify the decision to stray from Madison's general policy of voting with management. Such ratification need not be in writing.

The Investment Committee or any subcommittee appointed by the Investment Committee from among its members (such subcommittee may be a single person) shall monitor potential conflicts of interest between Madison and clients that would affect the manner by which Madison votes a proxy. Madison maintains a "conflicted list" for proxy voting purposes.

As of January 1, 2004, Jay Sekelsky represents the Investment Committee subcommittee described above.

VOTING PROXIES OF SECURITIES NO LONGER OWNED

We may be entitled to vote a proxy because a security was held in a client portfolio on the record date but have subsequently sold the security from the client's account prior to the meeting date to which the proxy relates. In such situations, our vote has no economic value to the client who is not a shareholder of the company soliciting the proxy vote. Therefore, our policy is to vote proxies of securities no longer owned in accordance with management recommendation or, if practical, not vote them at all.

SPECIAL CONSIDERATIONS FOR MEMBERS MUTUAL FUNDS AND ULTRA SERIES FUND

The proxy voting policy and procedures of MEMBERS Mutual Funds and the Ultra Series Fund, (the "Trusts"), reflect the policies and procedures of the Trust's investment advisor, Madison Asset Management, LLC ("Madison") and are incorporated into the Madison

Investment Advisors, Inc. written compliance and procedures manual. In addition, the Trusts' policies incorporate the proxy voting policies and procedures of Madison's current subadvisers: Shenkman Capital Management, Inc., Lazard Asset Management LLC, and Wellington Management Company, LLP.

With respect to the proxy voting function relative to the Trusts, each Trust's Board of Trustees has delegated this function to Madison. In general, with respect to proxies to be voted on behalf of the Trusts' sub-advised funds, or portions of such funds, Madison currently intends to delegate its voting responsibilities hereunder, such that that the respective subadvisers of such funds, or portions of such funds, will vote such proxies in accordance with their own proxy voting policies and procedures. Notwithstanding the foregoing, Madison reserves the right at any time to reassume the responsibility of voting proxies relative to one or more of the sub-advised portfolios of the Trusts. Madison currently intends to monitor, by requesting periodic certifications from each of the subadvisers, the voting of each of the subadvisers to confirm consistency with each such subadviser's proxy voting policies and procedures and to seek assurance that conflicts of interest have been adequately monitored and resolved. Madison will use reasonable efforts to ensure that each Trust's Board of Trustees is timely notified of any material changes to the proxy voting policies and procedures of each of the subadvisers as the relevant subadvisers have specifically brought to the attention of Madison, if, in Madison's judgment, such notification is necessary for the Board's fulfillment of its responsibilities hereunder.

Madison recognizes that there may be instances where the responsibility for voting proxies with respect to a single security is vested in two or more subadvisers (e.g., when more than one fund, or two managed portions of the same fund, hold voting securities of a single issuer). Under these circumstances, there is the possibility that the application of relevant proxy voting policies will result in proxies being voted inconsistently. It is Madison's position that such circumstances will not be deemed to suggest improper action on the part of any subadviser, and that neither Madison nor the Trusts will be required to take any action with respect to such instances, in the absence of other compelling factors that would necessitate such action.

ERISA FIDUCIARY ACCOUNTS

As a general rule, an ERISA plan Trustee is required to vote proxies. However, the fiduciary act of managing plan assets includes the responsibility to vote proxies on plan-owned stock when the named fiduciary has delegated management responsibility to an investment manager. Therefore, unless another named fiduciary (Trustee, another investment manager, consultant, plan administrator, employer, etc.) for any ERISA client expressly reserves the right to vote proxies, Madison is required to do so. In most cases, the plan document will specify who is required to vote proxies.

It is important that Madison's investment management agreement (or the ERISA client's plan document) (collectively, the "Contracts") address the issue of who is responsible for voting proxies.

1. If the Contracts expressly preclude Madison from voting proxies, then the Trustee must vote proxies attributable to its ERISA client's accounts.
2. On the other hand, if the Contracts are silent or simply state that Madison "may" vote proxies, then it is its fiduciary duty to affirmatively vote under ERISA.

ERISA requires Madison, when it is responsible for voting proxies:

1. To maintain voting records for review by the named fiduciary of the plan; and
2. Ensure that the custodian (or plan Trustee, as the case may be) forwards to Madison all proxies received so that Madison may vote them in a timely manner.

Madison's general policy is to vote all ERISA plan proxies received in the same manner as Madison vote non-ERISA plan proxies described above. Again, as a matter of standard operating procedure, all proxies received shall be voted (by telephone or Internet).

ADDITIONAL RECORDKEEPING RULES RELATED TO PROXY VOTING

Madison must keep any written documents (including email) Madison prepared that were material to making a decision on how to vote a proxy (or that memorialized the basis for its decision). As noted above, Madison need not keep a copy of the actual proxy statements Madison received if they are available on the SEC's EDGAR database.

Madison must keep in the applicable client file records of written client requests for proxy voting information. Madison must, of course, also keep a copy in the client file of any of its written responses to clients who asked for such information either in writing or orally.

Madison retained the services of ProxyEdge to maintain the records of the proxy votes Madison cast on behalf of clients. To the extent Madison votes any proxies outside of this service (for example, for logistical purposes, certain Madison Scottsdale proxies may not be maintained by this service), then copies of the voted proxy must be maintained in the applicable client or research file, as the case may be.

Last updated July 2010

Milliman Financial Risk Management LLC

PROXY VOTING POLICY

Milliman Financial Risk Management LLC ("Milliman"), as a matter of policy and as a fiduciary, has responsibility for voting proxies for portfolio securities consistent with the best economic interests of Investment Companies for which it is the primary investment adviser. Our firm maintains written policies and procedures as to the handling, research, voting and reporting of proxy voting and makes appropriate disclosures about our firm's proxy policies and practices. Our policy and practice includes the responsibility to monitor corporate actions, receive and vote client proxies and disclose any potential conflicts of interest as well as making information available to clients about the voting of proxies for their portfolio securities and maintaining relevant and required records.

BACKGROUND

Proxy voting is an important right of shareholders and reasonable care and diligence must be undertaken to ensure that such rights are properly and timely exercised.

Investment advisers registered with the SEC, and which exercise voting authority with respect to client securities, are required by Rule 206(4)-6 of the Advisers Act to (a) adopt and implement written policies and procedures that are reasonably designed to ensure that client securities are voted in the best interests of clients, which must include how an adviser addresses material conflicts that may arise between an adviser's interests and those of its Funds, Portfolios and clients; (b) to disclose to Funds, Portfolios and clients how they may obtain information from the adviser with respect to the voting of proxies for their securities; (c) to describe to clients a summary of its proxy voting policies and procedures and, upon request, furnish a copy to its clients; and (d) maintain certain records relating to the adviser's proxy voting activities when the adviser does have proxy voting authority.

RESPONSIBILITY

Susan Puz and Cassandra Becker have the responsibility for the implementation and monitoring of our proxy voting policy, practices, disclosures and record keeping, including outlining our voting guidelines in our procedures.

DISCLOSURE

Milliman will provide conspicuously displayed information in its Form ADV Part 2A summarizing this proxy voting policy and procedures, including a statement that clients may request information regarding how Milliman voted a client's proxies, and that clients may request a copy of these policies and procedures.

PROCEDURES

Milliman has adopted procedures to implement the firm's policy and reviews to monitor and insure the firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following voting procedures:

1. Introduction. Milliman has adopted proxy voting policies and procedures as required by Rule 206(4)-6 of the Investment Advisers Act of 1940. These policies and procedures are effective as of March 1, 2012.

2. Principals and Guidelines.

a. Principles. Milliman's primary purpose and fiduciary responsibility is to maximize shareholder value, which is defined as share price and dividend appreciation. Milliman will vote proxies in the best interests of Investment Companies for which it is the primary adviser and will *generally* vote for, against, consider on a case-by-case basis, or abstain from voting as indicated below. Because of the extenuating circumstances associated with specific proxy issues, Milliman's votes may differ from time to time from the indications noted. In addition, the list may not include all proxies on which Milliman votes. Milliman will also act, in our best judgment, on behalf of the Investment Companies for which it is the primary adviser on certain corporate actions that impact shareholder value, such as tender offers and bankruptcy proceedings.

b. Voting Guidelines for Mutual Funds of Funds. Milliman serves as investment adviser to certain investment companies under the Northern Lights Fund Trust. These funds invest in other investment companies that are not affiliated ("Underlying Funds") and are required by the Investment Company Act of 1940, as amended (the "1940 Act") Act to handle proxies received from Underlying Funds in a certain manner. Notwithstanding the guidelines provided in these procedures, it is the policy of Milliman to vote all proxies received from the Underlying Funds in the same proportion that all shares of the Underlying Funds are voted, or in accordance with instructions received from fund shareholders, pursuant to Section 12(d)(1)(F) of the 1940 Act.

3. Obtaining More Information. Investment Companies for which Milliman is the primary adviser may obtain a record of Milliman's proxy voting, free of charge, by calling (312) 726-0677.

4. Voting Procedures. Milliman employs a third party proxy voting provider to effectuate voting and the receipt of records related to voting.

Revision date 10.31.2014

MFS® Investment Management

Massachusetts Financial Services Company
Proxy Voting Policies and Procedures

February 1, 2014

Massachusetts Financial Services Company, MFS Institutional Advisors, Inc., MFS International (UK) Limited, MFS Heritage Trust Company, MFS Investment Management (Canada) Limited, MFS Investment Management Company (Lux) S.à r.l., MFS International Singapore Pte. Ltd., and MFS' other subsidiaries that perform discretionary investment management activities (collectively, "MFS") have adopted proxy voting policies and procedures, as set forth below ("MFS Proxy Voting Policies and Procedures"), with respect to securities owned by the clients for which MFS serves as investment adviser and has the power to vote proxies, including the pooled investment vehicles sponsored by MFS (the "MFS Funds"). References to "clients" in these policies and procedures include the MFS Funds and other clients of MFS, such as funds organized offshore, sub-advised funds and separate account clients, to the extent these clients have delegated to MFS the responsibility to vote proxies on their behalf under the MFS Proxy Voting Policies and Procedures.

The MFS Proxy Voting Policies and Procedures include:

A. Voting Guidelines;

B. Administrative Procedures;

C Records Retention; and

D. Reports.

A. VOTING GUIDELINES

1. General Policy; Potential Conflicts of Interest

MFS' policy is that proxy voting decisions are made in what MFS believes to be the best long-term economic interests of MFS' clients, and not in the interests of any other party or in MFS' corporate interests, including interests such as the distribution of MFS Fund shares and institutional client relationships.

MFS reviews corporate governance issues and proxy voting matters that are presented for shareholder vote by either management or shareholders of public companies. Based on the overall principle that all votes cast by MFS on behalf of its clients must be in what MFS believes to be the best long-term economic interests of such clients, MFS has adopted proxy voting guidelines, set forth below, that govern how MFS generally will vote on specific matters presented for shareholder vote.

As a general matter, MFS votes consistently on similar proxy proposals across all shareholder meetings. However, some proxy proposals, such as certain excessive executive compensation, environmental, social and governance matters, are analyzed on a case-by-case basis in light of all the relevant facts and circumstances of the proposal. Therefore, MFS may vote similar proposals differently at different shareholder meetings based on the specific facts and circumstances of the issuer or the terms of the proposal. In addition, MFS also reserves the right to override the guidelines with respect to a particular proxy proposal when such an override is, in MFS' best judgment, consistent with the overall principle of voting proxies in the best long-term economic interests of MFS' clients.

MFS also generally votes consistently on the same matter when securities of an issuer are held by multiple client accounts, unless MFS has received explicit voting instructions to vote differently from a client for its own account. From time to time, MFS may also receive comments on the MFS Proxy Voting Policies and Procedures from its clients. These comments are carefully considered by MFS when it reviews these guidelines and revises them as appropriate.

These policies and procedures are intended to address any potential material conflicts of interest on the part of MFS or its subsidiaries that are likely to arise in connection with the voting of proxies on behalf of MFS' clients. If such potential material conflicts of interest do arise, MFS will analyze, document and report on such potential material conflicts of interest (see Sections B.2 and D below), and shall ultimately vote the relevant proxies in what MFS believes to be the best long-term economic interests of its clients. The MFS Proxy Voting Committee is responsible for monitoring and reporting with respect to such potential material conflicts of interest.

MFS is also a signatory to the United Nations Principles for Responsible Investment. In developing these guidelines, MFS considered environmental, social and corporate governance issues in light of MFS' fiduciary obligation to vote proxies in the best long-term economic interest of its clients.

B. ADMINISTRATIVE PROCEDURES

1. MFS Proxy Voting Committee

The administration of these MFS Proxy Voting Policies and Procedures is overseen by the MFS Proxy Voting Committee, which includes senior personnel from the MFS Legal and Global Investment Support Departments. The Proxy Voting Committee does not include individuals whose primary duties relate to client relationship management, marketing, or sales. The MFS Proxy Voting Committee:

a. Reviews these MFS Proxy Voting Policies and Procedures at least annually and recommends any amendments considered to be necessary or advisable;

b. Determines whether any potential material conflict of interest exists with respect to instances in which MFS (i) seeks to override these MFS Proxy Voting Policies and Procedures; (ii) votes on ballot items not governed by these MFS Proxy Voting Policies and Procedures; (iii) evaluates an excessive executive compensation issue in relation to the election of directors; or (iv) requests a vote recommendation from an MFS portfolio manager or investment analyst (e.g. mergers and acquisitions); and

c. Considers special proxy issues as they may arise from time to time.

2. Potential Conflicts of Interest

The MFS Proxy Voting Committee is responsible for monitoring potential material conflicts of interest on the part of MFS or its subsidiaries that could arise in connection with the voting of proxies on behalf of MFS' clients. Due to the client focus of our investment management business, we believe that the potential for actual material conflict of interest issues is small. Nonetheless, we have developed precautions to assure that all proxy votes are cast in the best long-term economic interest of shareholders.(1) Other MFS internal policies require all MFS employees to avoid actual and potential conflicts of interests between personal activities and MFS' client activities. If an employee (including investment professionals) identifies an actual or potential conflict of interest with respect to any voting decision (including the ownership of securities in their individual portfolio), then that employee must recuse himself/herself from participating in the voting process. Any significant attempt by an employee of MFS or its subsidiaries to unduly influence MFS' voting on a particular proxy matter should also be reported to the MFS Proxy Voting Committee.

In cases where proxies are voted in accordance with these MFS Proxy Voting Policies and Procedures, no material conflict of interest will be deemed to exist. In cases where (i) MFS is considering overriding these MFS Proxy Voting Policies and Procedures, (ii) matters presented for vote are not governed by these MFS Proxy Voting Policies and Procedures, (iii) MFS evaluates a potentially excessive executive compensation issue in relation to the election of directors or advisory pay or severance package vote, (iv) a vote recommendation is requested from an MFS portfolio manager or investment analyst (e.g. mergers and acquisitions), or (v) MFS evaluates a director nominee who also serves as a director of the MFS Funds (collectively, "Non-Standard Votes"); the MFS Proxy Voting Committee will follow these procedures:

a. Compare the name of the issuer of such proxy against a list of significant current (i) distributors of MFS Fund shares, and (ii) MFS institutional clients (the "MFS Significant Distributor and Client List");

b. If the name of the issuer does not appear on the MFS Significant Distributor and Client List, then no material conflict of interest will be deemed to exist, and the proxy will be voted as otherwise determined by the MFS Proxy Voting Committee;

c. If the name of the issuer appears on the MFS Significant Distributor and Client List, then the MFS Proxy Voting Committee will be apprised of that fact and each member of the MFS Proxy Voting Committee will carefully evaluate the proposed vote in order to ensure that the proxy ultimately is voted in what MFS believes to be the best long-term economic interests of MFS' clients, and not in MFS' corporate interests; and

d. For all potential material conflicts of interest identified under clause (c) above, the MFS Proxy Voting Committee will document: the name of the issuer, the issuer's relationship to MFS, the analysis of the matters submitted for proxy vote, the votes as to be cast and the reasons why the MFS Proxy Voting Committee determined that the votes were cast in the best long-term economic interests of MFS' clients, and not in MFS' corporate interests. A copy of the foregoing documentation will be provided to MFS' Conflicts Officer.

The members of the MFS Proxy Voting Committee are responsible for creating and maintaining the MFS Significant Distributor and Client List, in consultation with MFS' distribution and institutional business units. The MFS Significant Distributor and Client List will be reviewed and updated periodically, as appropriate.

If an MFS client has the right to vote on a matter submitted to shareholders by Sun Life Financial, Inc. or any of its affiliates (collectively "Sun Life"), MFS will cast a vote on behalf of such MFS client pursuant to the recommendations of Institutional Shareholder Services, Inc.'s ("ISS") benchmark policy, or as required by law.

Except as described in the MFS Fund's prospectus, from time to time, certain MFS Funds (the "top tier fund") may own shares of other MFS Funds (the "underlying fund"). If an underlying fund submits a matter to a shareholder vote, the top tier fund will generally vote its shares in the same proportion as the other shareholders of the underlying fund. If there are no other shareholders in the underlying fund, the top tier fund will vote in what MFS believes to be in the top tier fund's best long-term economic interest. If an MFS client has the right to vote on a matter submitted to shareholders by a pooled investment vehicle advised by MFS, MFS will cast a vote on behalf of such MFS client in the same proportion as the other shareholders of the pooled investment vehicle.

3. Gathering Proxies

Most proxies received by MFS and its clients originate at Broadridge Financial Solutions, Inc. ("Broadridge"). Broadridge and other service providers, on behalf of custodians, send proxy related material to the record holders of the shares beneficially owned by MFS' clients, usually to the client's proxy voting administrator or, less commonly, to the client itself. This material will include proxy ballots reflecting the shareholdings of Funds and of clients on the record dates for such shareholder meetings, as well as proxy materials with the issuer's explanation of the items to be voted upon.

MFS, on behalf of itself and certain of its clients (including the MFS Funds) has entered into an agreement with an independent proxy administration firm pursuant to which the proxy administration firm performs various proxy vote related administrative services such as vote processing and recordkeeping functions. Except as noted below, the proxy administration firm for MFS and its clients, including the MFS Funds, is ISS. The proxy administration firm for MFS Development Funds, LLC is Glass, Lewis & Co., Inc. ("Glass Lewis"; Glass Lewis and ISS are each hereinafter referred to as the "Proxy Administrator").

The Proxy Administrator receives proxy statements and proxy ballots directly or indirectly from various custodians, logs these materials into its database and matches upcoming meetings with MFS Fund and client portfolio holdings, which are input into the Proxy Administrator's system by an MFS holdings data-feed. Through the use of the Proxy Administrator system, ballots and proxy material summaries for all upcoming shareholders' meetings are available on-line to certain MFS employees and members of the MFS Proxy Voting Committee.

It is the responsibility of the Proxy Administrator and MFS to monitor the receipt of ballots. When proxy ballots and materials for clients are received by the Proxy Administrator, they are input into the Proxy Administrator's on-line system. The Proxy Administrator then reconciles a list of all MFS accounts that hold shares of a company's stock and the number of shares held on the record date by these accounts with the Proxy Administrator's list of any upcoming shareholder's meeting of that company. If a proxy ballot has not been received, the Proxy Administrator contacts the custodian requesting the reason as to why a ballot has not been received.

4. Analyzing Proxies

Proxies are voted in accordance with these MFS Proxy Voting Policies and Procedures. The Proxy Administrator, at the prior direction of MFS, automatically votes all proxy matters that do not require the particular exercise of discretion or judgment with respect to these MFS Proxy Voting Policies and Procedures as determined by MFS. With respect to proxy matters that require the particular exercise of discretion or judgment, the MFS Proxy Voting Committee considers and votes on those proxy matters. MFS also receives research and recommendations from the Proxy Administrator which it may take into account in deciding how to vote. MFS uses the research of ISS to identify (i) circumstances in which a board may have approved excessive executive compensation, (ii) environmental and social proposals that warrant further consideration or (iii) circumstances in which a non-U.S. company is not in compliance with local governance or compensation best practices. In those situations where the only MFS fund that is eligible to vote at a shareholder meeting has Glass Lewis as its Proxy Administrator, then we will utilize research from Glass Lewis to identify such issues. MFS analyzes such issues independently and does not necessarily vote with the ISS or Glass Lewis recommendations on these issues. MFS may also use other research tools in order to identify the circumstances described above. Representatives of the MFS Proxy Voting Committee review, as appropriate, votes cast to ensure conformity with these MFS Proxy Voting Policies and Procedures.

As a general matter, portfolio managers and investment analysts have little involvement in most votes taken by MFS. This is designed to promote consistency in the application of MFS' voting guidelines, to promote consistency in voting on the same or similar issues (for the same or for multiple issuers) across all client accounts, and to minimize the potential that proxy solicitors, issuers, or third parties might attempt to exert inappropriate influence on the vote. In limited types of votes (e.g. mergers and acquisitions, capitalization matters, potentially excessive executive compensation issues, or shareholder proposals relating to environmental and social issues), a representative of MFS Proxy Voting Committee may consult with or seek recommendations from MFS portfolio managers or investment analysts[1]. However, the MFS Proxy Voting Committee would ultimately determine the manner in which all proxies are voted.

As noted above, MFS reserves the right to override the guidelines when such an override is, in MFS' best judgment, consistent with the overall principle of voting proxies in the best long-term economic interests of MFS' clients. Any such override of the guidelines shall be analyzed, documented and reported in accordance with the procedures set forth in these policies.

5. Voting Proxies

In accordance with its contract with MFS, the Proxy Administrator also generates a variety of reports for the MFS Proxy Voting Committee, and makes available on-line various other types of information so that the MFS Proxy Voting Committee or proxy team may review and monitor the votes cast by the Proxy Administrator on behalf of MFS' clients.

For those markets that utilize a "record date" to determine which shareholders are eligible to vote, MFS generally will vote all eligible shares pursuant to these guidelines regardless of whether all (or a portion of) the shares held by our clients have been sold prior to the meeting date

6. Securities Lending

From time to time, the MFS Funds or other pooled investment vehicles sponsored by MFS may participate in a securities lending program. In the event MFS or its agent receives timely notice of a shareholder meeting for a U.S. security, MFS and its agent will attempt to recall any securities on loan before the meeting's record date so that MFS will be entitled to vote these shares. However, there may be instances in which MFS is unable to timely recall securities on loan for a U.S. security, in which cases MFS will not be able to vote these shares. MFS will report to the appropriate board of the MFS Funds those instances in which MFS is not able to timely recall the loaned securities. MFS generally does not recall non-U.S. securities on loan because there may be insufficient advance notice of proxy materials, record dates, or vote cut-off dates to allow MFS to timely recall the shares in certain markets on an automated basis. As a result, non-U.S. securities that are on loan will not generally be voted. If MFS receives timely notice of what MFS determines to be an unusual, significant vote for a non-U.S. security whereas MFS shares are on loan, and determines that voting is in the best long-term economic interest of shareholders, then MFS will attempt to timely recall the loaned shares.

7. Engagement

The MFS Proxy Voting Policies and Procedures are available on www.mfs.com and may be accessed by both MFS' clients and the companies in which MFS' clients invest. From time to time, MFS may determine that it is appropriate and beneficial for representatives from the MFS Proxy Voting Committee to engage in a dialogue or written communication with a company or other shareholders regarding certain matters on the company's proxy statement that are of concern to shareholders, including environmental, social and governance matters. A company or shareholder may also seek to engage with representatives of the MFS Proxy Voting Committee in advance of the company's formal proxy solicitation to review issues more generally or gauge support for certain contemplated proposals.

C. RECORDS RETENTION

MFS will retain copies of these MFS Proxy Voting Policies and Procedures in effect from time to time and will retain all proxy voting reports submitted to the Board of Trustees of the MFS Funds for the period required by applicable law. Proxy solicitation materials, including electronic versions of the proxy ballots completed by representatives of the MFS Proxy Voting Committee, together with their respective notes and comments, are maintained in an electronic format by the Proxy Administrator and are accessible on-line by the MFS Proxy Voting Committee. All proxy voting materials and supporting documentation, including records generated by the Proxy Administrator's system as to proxies processed, including the dates when proxy ballots were received and submitted, and the votes on each company's proxy issues, are retained as required by applicable law.

D. REPORTS

U.S. Registered MFS Funds

MFS publicly discloses the proxy voting records of the U.S. registered MFS Funds on a quarterly basis. MFS will also report the results of its voting to the Board of Trustees of the U.S. registered MFS Funds. These reports will include: (i) a summary of how votes were cast (including advisory votes on pay and "golden parachutes") ; (ii) a summary of votes against management's recommendation; (iii) a review of situations where MFS did not vote in accordance with the guidelines and the rationale therefore; (iv) a review of the procedures used by MFS to identify material conflicts of interest and any matters identified as a material conflict of interest; (v) a review of these policies and the guidelines; (vi) a review of our proxy engagement activity; (vii) a report and impact assessment of instances in which the recall of loaned securities of a U.S. issuer was unsuccessful; and (viii) as necessary or appropriate, any proposed modifications thereto to reflect new developments in corporate governance and other issues. Based on these reviews, the Trustees of the U.S. registered MFS Funds will consider possible modifications to these policies to the extent necessary or advisable.

Other MFS Clients

MFS may publicly disclose the proxy voting records of certain other clients (including certain MFS Funds) or the votes it casts with respect to certain matters as required by law. A report can also be printed by MFS for each client who has requested that MFS furnish a record of votes cast. The report specifies the proxy issues which have been voted for the client during the year and the position taken with respect to each issue and, upon request, may identify situations where MFS did not vote in accordance with the MFS Proxy Voting Policies and Procedures.

Except as described above, MFS generally will not divulge actual voting practices to any party other than the client or its representatives because we consider that information to be confidential and proprietary to the client. However, as noted above, MFS may determine that it is appropriate and beneficial to engage in a dialogue with a company regarding certain matters. During such dialogue with the company, MFS may disclose the vote it intends to cast in order to potentially effect positive change at a company in regards to environmental, social or governance issues.

(1) From time to time, due to travel schedules and other commitments, an appropriate portfolio manager or research analyst may not be available to provide a vote recommendation. If such a recommendation cannot be obtained within a reasonable time prior to the cut-off date of the shareholder meeting, the MFS Proxy Voting Committee may determine to abstain from voting.

Morgan Stanley Investment Management Inc.

October 3, 2013

MORGAN STANLEY INVESTMENT MANAGEMENT
PROXY VOTING POLICY AND PROCEDURES

I. POLICY STATEMENT

Morgan Stanley Investment Management's ("MSIM") policy and procedures for voting proxies ("Policy") with respect to securities held in the accounts of clients applies to those MSIM entities that provide discretionary investment management services and for which an MSIM entity has authority to vote proxies. This Policy is reviewed and updated as necessary to address new and evolving proxy voting issues and standards.

The MSIM entities covered by this Policy currently include the following: Morgan Stanley AIP GP LP, Morgan Stanley Investment Management Inc., Morgan Stanley Investment Management Limited, Morgan Stanley Investment Management Company, Morgan Stanley Investment Management (Japan) Co., Limited, Morgan Stanley Investment Management Private Limited and Private Investment Partners Inc. (each an "MSIM Affiliate" and collectively referred to as the "MSIM Affiliates" or as "we" below).

Each MSIM Affiliate will use its best efforts to vote proxies as part of its authority to manage, acquire and dispose of account assets. With respect to the MSIM registered management investment companies ("MSIM Funds"), each MSIM Affiliate will vote proxies under this Policy pursuant to authority granted under its applicable investment advisory agreement or, in the absence of such authority, as authorized by the Board of Directors/Trustees of the MSIM Funds. An MSIM Affiliate will not vote proxies unless the investment management or investment advisory agreement explicitly authorizes the MSIM Affiliate to vote proxies.

MSIM Affiliates will vote proxies in a prudent and diligent manner and in the best interests of clients, including beneficiaries of and participants in a client's benefit plan(s) for which the MSIM Affiliates manage assets, consistent with the objective of maximizing long-term investment returns ("Client Proxy Standard"). In addition to voting proxies at portfolio companies, MSIM routinely engages with the management and may also engage with the board of companies in which we invest on a range of governance issues. Governance is a window into or proxy for management and board quality. MSIM engages with companies where we have larger positions, voting issues are material or where we believe we can make a positive impact on the governance structure. MSIM's engagement process, through private communication with companies, allows us to understand the governance structures at investee companies and better inform our voting decisions. In certain situations, a client or its fiduciary may provide an MSIM Affiliate with a proxy voting policy. In these situations, the MSIM Affiliate will comply with the client's policy.

Proxy Research Services **-** ISS and Glass Lewis (together with other proxy research providers as we may retain from time to time, the "Research Providers") are independent advisers that specialize in providing a variety of fiduciary-level proxy-related services to institutional investment managers, plan sponsors, custodians, consultants, and other institutional investors. The services provided include in-depth research, global issuer analysis, and voting recommendations. While we may review and utilize the recommendations of one or more Research Providers in making proxy voting decisions, we are in no way obligated to follow such recommendations. In addition to research, ISS provides vote execution, reporting, and recordkeeping services.

Voting Proxies for Certain Non-U.S. Companies **-** Voting proxies of companies located in some jurisdictions may involve several problems that can restrict or prevent the ability to vote such proxies or entail significant costs. These problems include, but are not limited to: (i) proxy statements and ballots being written in a language other than English; (ii) untimely and/or inadequate notice of shareholder meetings; (iii) restrictions on the ability of holders outside the issuer's jurisdiction of organization to exercise votes; (iv) requirements to vote proxies in person; (v) the imposition of restrictions on the sale of the securities for a period of time in proximity to the shareholder meeting; and (vi) requirements to provide local agents with power of attorney to facilitate our voting instructions. As a result, we vote clients' non-U.S. proxies on a best efforts basis only, after weighing the costs and benefits of voting such proxies, consistent with the Client Proxy Standard. ISS has been retained to provide assistance in connection with voting non-U.S. proxies.

II. GENERAL PROXY VOTING GUIDELINES

To promote consistency in voting proxies on behalf of its clients, we follow this Policy (subject to any exception set forth herein). The Policy addresses a broad range of issues, and provides general voting parameters on proposals that arise most frequently. However, details of specific proposals vary, and those details affect particular voting decisions, as do factors specific to a given company. Pursuant to the procedures set forth herein, we may vote in a manner that is not in accordance with the following general guidelines, provided the vote is approved by the Proxy Review Committee (see Section III for description) and is consistent with the Client Proxy Standard. Morgan Stanley AIP GP LP will follow the procedures as described in Appendix A.

We endeavor to integrate governance and proxy voting policy with investment goals, using the vote to encourage portfolio companies to enhance long-term shareholder value and to provide a high standard of transparency such that equity markets can value corporate assets appropriately.

We seek to follow the Client Proxy Standard for each client. At times, this may result in split votes, for example when different clients have varying economic interests in the outcome of a particular voting matter (such as a case in which varied ownership interests in two companies involved in a merger result in different stakes in the outcome). We also may split votes at times based on differing views of portfolio managers.

We may abstain on matters for which disclosure is inadequate.

A. Routine Matters.

We generally support routine management proposals. The following are examples of routine management proposals:

- Approval of financial statements and auditor reports if delivered with an unqualified auditor's opinion.
- General updating/corrective amendments to the charter, articles of association or bylaws, unless we believe that such amendments would diminish shareholder rights.
- Most proposals related to the conduct of the annual meeting, with the following exceptions. We generally oppose proposals that relate to "the transaction of such other business which may come before the meeting," and open-ended requests for adjournment. However, where management specifically states the reason for requesting an adjournment and the requested adjournment would facilitate passage of a proposal that would otherwise be supported under this Policy (i.e. an uncontested corporate transaction), the adjournment request will be supported.

We generally support shareholder proposals advocating confidential voting procedures and independent tabulation of voting results.

B. Board of Directors.

1. Election of directors: Votes on board nominees can involve balancing a variety of considerations. In vote decisions, we may take into consideration whether the company has a majority voting policy in place that we believe makes the director vote more meaningful. In the absence of a proxy contest, we generally support the board's nominees for director except as follows:

a. We consider withholding support from or voting against a nominee if we believe a direct conflict exists between the interests of the nominee and the public shareholders, including failure to meet fiduciary standards of care and/or loyalty. We may oppose directors where we conclude that actions of directors are unlawful, unethical or negligent. We consider opposing individual board members or an entire slate if we believe the board is entrenched and/or dealing inadequately with performance problems; if we believe the board is acting with insufficient independence between the board and management; or if we believe the board has not been sufficiently forthcoming with information on key governance or other material matters.

b. We consider withholding support from or voting against interested directors if the company's board does not meet market standards for director independence, or if otherwise we believe board independence is insufficient. We refer to prevalent market standards as promulgated by a stock exchange or other authority within a given market (e.g., New York Stock Exchange or Nasdaq rules for most U.S. companies, and The Combined Code on Corporate Governance in the United Kingdom). Thus, for an NYSE company with no controlling shareholder, we would expect that at a minimum a majority of directors should be independent as defined by NYSE. Where we view market standards as inadequate, we may withhold votes based on stronger independence standards. Market standards notwithstanding, we generally do not view long board tenure alone as a basis to classify a director as non-independent.

   i. At a company with a shareholder or group that controls the company by virtue of a majority economic interest in the company, we have a reduced expectation for board independence, although we believe the presence of independent directors can be helpful, particularly in staffing the audit committee, and at times we may withhold support from or vote against a nominee on the view the board or its committees are not sufficiently independent. In markets where board independence is not the norm (e.g. Japan), however, we consider factors including whether a board of a controlled company includes independent members who can be expected to look out for interests of minority holders.

   ii. We consider withholding support from or voting against a nominee if he or she is affiliated with a major shareholder that has representation on a board disproportionate to its economic interest.

c. Depending on market standards, we consider withholding support from or voting against a nominee who is interested and who is standing for election as a member of the company's compensation/remuneration, nominating/governance or audit committee.

d. We consider withholding support from or voting against nominees if the term for which they are nominated is excessive. We consider this issue on a market-specific basis.

e. We consider withholding support from or voting against nominees if in our view there has been insufficient board renewal (turnover), particularly in the context of extended poor company performance.

f. We consider withholding support from or voting against a nominee standing for election if the board has not taken action to implement generally accepted governance practices for which there is a "bright line" test. For example, in the context of the U.S. market, failure to eliminate a dead hand or slow hand poison pill would be seen as a basis for opposing one or more incumbent nominees.

g. In markets that encourage designated audit committee financial experts, we consider voting against members of an audit committee if no members are designated as such. We also consider voting against the audit committee members if the company has faced financial reporting issues and/or does not put the auditor up for ratification by shareholders.

h. We believe investors should have the ability to vote on individual nominees, and may abstain or vote against a slate of nominees where we are not given the opportunity to vote on individual nominees.

i. We consider withholding support from or voting against a nominee who has failed to attend at least 75% of the nominee's board and board committee meetings within a given year without a reasonable excuse. We also consider opposing nominees if the company does not meet market standards for disclosure on attendance.

j. We consider withholding support from or voting against a nominee who appears overcommitted, particularly through service on an excessive number of boards. Market expectations are incorporated into this analysis; for U.S. boards, we generally oppose election of a nominee who serves on more than six public company boards (excluding investment companies), although we also may reference National Association of Corporate Directors guidance suggesting that public company CEOs, for example, should serve on no more than two outside boards given level of time commitment required in their primary job.

k. We consider withholding support from or voting against a nominee where we believe executive remuneration practices are poor, particularly if the company does not offer shareholders a separate "say-on-pay" advisory vote on pay.

2. Discharge of directors' duties: In markets where an annual discharge of directors' responsibility is a routine agenda item, we generally support such discharge. However, we may vote against discharge or abstain from voting where there are serious findings of fraud or other unethical behavior for which the individual bears responsibility. The annual discharge of responsibility represents shareholder approval of disclosed actions taken by the board during the year and may make future shareholder action against the board difficult to pursue.

3. Board independence: We generally support U.S. shareholder proposals requiring that a certain percentage (up to 66⅔%) of the company's board members be independent directors, and promoting all-independent audit, compensation and nominating/governance committees.

4. Board diversity: We consider on a case-by-case basis shareholder proposals urging diversity of board membership with respect to gender, race or other factors.

5. Majority voting: We generally support proposals requesting or requiring majority voting policies in election of directors, so long as there is a carve-out for plurality voting in the case of contested elections.

6. Proxy access: We consider on a case-by-case basis shareholder proposals on particular procedures for inclusion of shareholder nominees in company proxy statements.

7. Reimbursement for dissident nominees: We generally support well-crafted U.S. shareholder proposals that would provide for reimbursement of dissident nominees elected to a board, as the cost to shareholders in electing such nominees can be factored into the voting decision on those nominees.

8. Proposals to elect directors more frequently: In the U.S. public company context, we usually support shareholder and management proposals to elect all directors annually (to "declassify" the board), although we make an exception to this policy where we believe that long-term shareholder value may be harmed by this change given particular circumstances at the company at the time of the vote on such proposal. As indicated above, outside the United States we generally support greater accountability to shareholders that comes through more frequent director elections, but recognize that many markets embrace longer term lengths, sometimes for valid reasons given other aspects of the legal context in electing boards.

9. Cumulative voting: We generally support proposals to eliminate cumulative voting in the U.S. market context. (Cumulative voting provides that shareholders may concentrate their votes for one or a handful of candidates, a system that can enable a minority bloc to place representation on a board.) U.S. proposals to establish cumulative voting in the election of directors generally will not be supported.

10. Separation of Chairman and CEO positions: We vote on shareholder proposals to separate the Chairman and CEO positions and/or to appoint an independent Chairman based in part on prevailing practice in particular markets, since the context for such a practice varies. In many non-U.S. markets, we view separation of the roles as a market standard practice, and support division of the roles in that context. In the United States, we consider such proposals on a case-by-case basis, considering, among other things, the existing board leadership structure, company performance, and any evidence of entrenchment or perceived risk that power is overly concentrated in a single individual.

11. Director retirement age and term limits: Proposals setting or recommending director retirement ages or director term limits are voted on a case-by-case basis that includes consideration of company performance, the rate of board renewal, evidence of effective individual director evaluation processes, and any indications of entrenchment.

12. Proposals to limit directors' liability and/or broaden indemnification of officers and directors: Generally, we will support such proposals provided that an individual is eligible only if he or she has not acted in bad faith, with gross negligence or with reckless disregard of their duties.

C. Statutory auditor boards.

The statutory auditor board, which is separate from the main board of directors, plays a role in corporate governance in several markets. These boards are elected by shareholders to provide assurance on compliance with legal and accounting standards and the company's articles of association. We generally vote for statutory auditor nominees if they meet independence standards. In markets that require disclosure on attendance by internal statutory auditors, however, we consider voting against nominees for these positions who failed to attend at least 75% of meetings in the previous year. We also consider opposing nominees if the company does not meet market standards for disclosure on attendance.

D. Corporate transactions and proxy fights.

We examine proposals relating to mergers, acquisitions and other special corporate transactions (i.e., takeovers, spin-offs, sales of assets, reorganizations, restructurings and recapitalizations) on a case-by-case basis in the interests of each fund or other account. Proposals for mergers or other significant transactions that are friendly and approved by the Research Providers usually are supported if there is no portfolio manager objection. We also analyze proxy contests on a case-by-case basis.

E. Changes in capital structure.

1. We generally support the following:

- Management and shareholder proposals aimed at eliminating unequal voting rights, assuming fair economic treatment of classes of shares we hold.
- U.S. management proposals to increase the authorization of existing classes of common stock (or securities convertible into common stock) if: (i) a clear business purpose is stated that we can support and the number of shares requested is reasonable in relation to the purpose for which authorization is requested; and/or (ii) the authorization does not exceed 100% of shares currently authorized and at least 30% of the total new authorization will be outstanding. (We consider proposals that do not meet these criteria on a case-by-case basis.)
- U.S. management proposals to create a new class of preferred stock or for issuances of preferred stock up to 50% of issued capital, unless we have concerns about use of the authority for anti-takeover purposes.
- Proposals in non-U.S. markets that in our view appropriately limit potential dilution of existing shareholders. A major consideration is whether existing shareholders would have preemptive rights for any issuance under a proposal for standing

share issuance authority. We generally consider market-specific guidance in making these decisions; for example, in the U.K. market we usually follow Association of British Insurers' ("ABI") guidance, although company-specific factors may be considered and for example, may sometimes lead us to voting against share authorization proposals even if they meet ABI guidance.

- Management proposals to authorize share repurchase plans, except in some cases in which we believe there are insufficient protections against use of an authorization for anti-takeover purposes.
- Management proposals to reduce the number of authorized shares of common or preferred stock, or to eliminate classes of preferred stock.
- Management proposals to effect stock splits.
- Management proposals to effect reverse stock splits if management proportionately reduces the authorized share amount set forth in the corporate charter. Reverse stock splits that do not adjust proportionately to the authorized share amount generally will be approved if the resulting increase in authorized shares coincides with the proxy guidelines set forth above for common stock increases.
- Management dividend payout proposals, except where we perceive company payouts to shareholders as inadequate.

2. We generally oppose the following (notwithstanding management support):

- Proposals to add classes of stock that would substantially dilute the voting interests of existing shareholders.
- Proposals to increase the authorized or issued number of shares of existing classes of stock that are unreasonably dilutive, particularly if there are no preemptive rights for existing shareholders. However, depending on market practices, we consider voting for proposals giving general authorization for issuance of shares not subject to pre-emptive rights if the authority is limited.
- Proposals that authorize share issuance at a discount to market rates, except where authority for such issuance is de minimis, or if there is a special situation that we believe justifies such authorization (as may be the case, for example, at a company under severe stress and risk of bankruptcy).
- Proposals relating to changes in capitalization by 100% or more.

We consider on a case-by-case basis shareholder proposals to increase dividend payout ratios, in light of market practice and perceived market weaknesses, as well as individual company payout history and current circumstances. For example, currently we perceive low payouts to shareholders as a concern at some Japanese companies, but may deem a low payout ratio as appropriate for a growth company making good use of its cash, notwithstanding the broader market concern.

F. Takeover Defenses and Shareholder Rights.

<u>1. Shareholder rights plans</u>: We generally support proposals to require shareholder approval or ratification of shareholder rights plans (poison pills). In voting on rights plans or similar takeover defenses, we consider on a case-by-case basis whether the company has demonstrated a need for the defense in the context of promoting long-term share value; whether provisions of the defense are in line with generally accepted governance principles in the market (and specifically the presence of an adequate qualified offer provision that would exempt offers meeting certain conditions from the pill); and the specific context if the proposal is made in the midst of a takeover bid or contest for control.

<u>2. Supermajority voting requirements</u>: We generally oppose requirements for supermajority votes to amend the charter or bylaws, unless the provisions protect minority shareholders where there is a large shareholder. In line with this view, in the absence of a large shareholder we support reasonable shareholder proposals to limit such supermajority voting requirements.

<u>3. Shareholder right to call a special meeting</u>: We consider proposals to enhance a shareholder's rights to call meetings on a case-by-case basis. At large-cap U.S. companies, we generally support efforts to establish the right of holders of 10% or more of shares to call special meetings, unless the board or state law has set a policy or law establishing such rights at a threshold that we believe to be acceptable.

<u>4. Written consent rights</u>: In the U.S. context, we examine proposals for shareholder written consent rights on a case-by-case basis.

<u>5. Reincorporation</u>: We consider management and shareholder proposals to reincorporate to a different jurisdiction on a case-by-case basis. We oppose such proposals if we believe the main purpose is to take advantage of laws or judicial precedents that reduce shareholder rights.

<u>6. Anti-greenmail provisions</u>: Proposals relating to the adoption of anti-greenmail provisions will be supported, provided that the proposal: (i) defines greenmail; (ii) prohibits buyback offers to large block holders (holders of at least 1% of the outstanding shares and in certain cases, a greater amount) not made to all shareholders or not approved by disinterested shareholders; and (iii) contains no anti-takeover measures or other provisions restricting the rights of shareholders.

<u>7. Bundled proposals</u>: We may consider opposing or abstaining on proposals if disparate issues are "bundled" and presented for a single vote.

G. Auditors.

We generally support management proposals for selection or ratification of independent auditors. However, we may consider opposing such proposals with reference to incumbent audit firms if the company has suffered from serious accounting irregularities and we believe rotation of the audit firm is appropriate, or if fees paid to the auditor for non-audit-related services are excessive. Generally, to determine if non-audit fees are excessive, a 50% test will be applied (i.e., non-audit-related fees should be less than 50% of the total fees paid to the auditor). We generally vote against proposals to indemnify auditors.

H. Executive and Director Remuneration.

1. We generally support the following:

- Proposals for employee equity compensation plans and other employee ownership plans, provided that our research does not indicate that approval of the plan would be against shareholder interest. Such approval may be against shareholder interest if it authorizes excessive dilution and shareholder cost, particularly in the context of high usage ("run rate") of equity compensation in the recent past; or if there are objectionable plan design and provisions.
- Proposals relating to fees to outside directors, provided the amounts are not excessive relative to other companies in the country or industry, and provided that the structure is appropriate within the market context. While stock-based compensation to outside directors is positive if moderate and appropriately structured, we are wary of significant stock option awards or other performance-based awards for outside directors, as well as provisions that could result in significant forfeiture of value on a director's decision to resign from a board (such forfeiture can undercut director independence).
- Proposals for employee stock purchase plans that permit discounts, but only for grants that are part of a broad-based employee plan, including all non-executive employees, and only if the discounts are limited to a reasonable market standard or less.
- Proposals for the establishment of employee retirement and severance plans, provided that our research does not indicate that approval of the plan would be against shareholder interest.

2. We generally oppose retirement plans and bonuses for non-executive directors and independent statutory auditors.

3. In the U.S. context, we generally vote against shareholder proposals requiring shareholder approval of all severance agreements, but we generally support proposals that require shareholder approval for agreements in excess of three times the annual compensation (salary and bonus). We generally oppose shareholder proposals that would establish arbitrary caps on pay. We consider on a case-by-case basis shareholder proposals that seek to limit Supplemental Executive Retirement Plans (SERPs), but support such shareholder proposals where we consider SERPs to be excessive.

4. Shareholder proposals advocating stronger and/or particular pay-for-performance models will be evaluated on a case-by-case basis, with consideration of the merits of the individual proposal within the context of the particular company and its labor markets, and the company's current and past practices. While we generally support emphasis on long-term components of senior executive pay and strong linkage of pay to performance, we consider factors including whether a proposal may be overly prescriptive, and the impact of the proposal, if implemented as written, on recruitment and retention.

5. We generally support proposals advocating reasonable senior executive and director stock ownership guidelines and holding requirements for shares gained in executive equity compensation programs.

6. We generally support shareholder proposals for reasonable "claw-back" provisions that provide for company recovery of senior executive bonuses to the extent they were based on achieving financial benchmarks that were not actually met in light of subsequent restatements.

7. Management proposals effectively to re-price stock options are considered on a case-by-case basis. Considerations include the company's reasons and justifications for a re-pricing, the company's competitive position, whether senior executives and outside directors are excluded, potential cost to shareholders, whether the re-pricing or share exchange is on a value-for-value basis, and whether vesting requirements are extended.

8. Say-on-Pay: We consider proposals relating to an advisory vote on remuneration on a case-by-case basis. Considerations include a review of the relationship between executive remuneration and performance based on operating trends and total shareholder return over multiple performance periods. In addition, we review remuneration structures and potential poor pay practices, including relative magnitude of pay, discretionary bonus awards, tax gross ups, change-in-control features, internal pay equity and peer group construction. As long-term investors, we support remuneration policies that align with long-term shareholder returns.

I. Social, Political and Environmental Issues.

Shareholders in the United States and certain other markets submit proposals encouraging changes in company disclosure and practices related to particular corporate social, political and environmental matters. We consider how to vote on the proposals on a case-by-case basis to determine likely impacts on shareholder value. We seek to balance concerns on reputational and other risks that lie behind a proposal against costs of implementation, while considering appropriate shareholder and management prerogatives. We may abstain from voting on proposals that do not have a readily determinable financial impact on shareholder value. We support proposals that if implemented would enhance useful disclosure, but we generally vote against proposals requesting reports that we believe are duplicative, related to matters not material to the business, or that would impose unnecessary or excessive costs. We believe that certain social and environmental shareholder proposals may intrude excessively on management prerogatives, which can lead us to oppose them.

J. Fund of Funds.

Certain Funds advised by an MSIM Affiliate invest only in other MSIM Funds. If an underlying fund has a shareholder meeting, in order to avoid any potential conflict of interest, such proposals will be voted in the same proportion as the votes of the other shareholders of the underlying fund, unless otherwise determined by the Proxy Review Committee. Other MSIM Funds invest in unaffiliated funds. If an unaffiliated underlying fund has a shareholder meeting and the MSIM Fund owns more than 25% of the voting shares of the underlying fund, the MSIM Fund will vote its shares in the unaffiliated underlying fund in the same proportion as the votes of the other shareholders of the underlying fund.

III. ADMINISTRATION OF POLICY

The MSIM Proxy Review Committee (the "Committee") has overall responsibility for the Policy. The Committee, which is appointed by MSIM's Long-Only Executive Committee, consists of investment professionals who represent the different investment disciplines and geographic locations of the firm, and is chaired by the director of the Corporate Governance Team ("CGT"). Because proxy voting is an investment responsibility and impacts shareholder value, and because of their knowledge of companies and markets, portfolio managers and other members of investment staff play a key role in proxy voting, although the Committee has final authority over proxy votes.

The CGT Director is responsible for identifying issues that require Committee deliberation or ratification. The CGT, working with advice of investment teams and the Committee, is responsible for voting on routine items and on matters that can be addressed in line with these Policy guidelines. The CGT has responsibility for voting case-by-case where guidelines and precedent provide adequate guidance.

The Committee will periodically review and have the authority to amend, as necessary, the Policy and establish and direct voting positions consistent with the Client Proxy Standard.

CGT and members of the Committee may take into account Research Providers' recommendations and research as well as any other relevant information they may request or receive, including portfolio manager and/or analyst comments and research, as applicable. Generally, proxies related to securities held in accounts that are managed pursuant to quantitative, index or index-like strategies ("Index Strategies") will be voted in the same manner as those held in actively managed accounts, unless economic interests of the accounts differ. Because accounts managed using Index Strategies are passively managed accounts, research from portfolio managers and/or analysts related to securities held in these accounts may not be available. If the affected securities are held only in accounts that are managed pursuant to Index Strategies, and the proxy relates to a matter that is not described in this Policy, the CGT will consider all available information from the Research Providers, and to the extent that the holdings are significant, from the portfolio managers and/or analysts.

A. Committee Procedures

The Committee meets at least quarterly, and reviews and considers changes to the Policy at least annually. Through meetings and/or written communications, the Committee is responsible for monitoring and ratifying "split votes" (i.e., allowing certain shares of the same issuer that are the subject of the same proxy solicitation and held by one or more MSIM portfolios to be voted differently than other shares) and/or "override voting" (i.e., voting all MSIM portfolio shares in a manner contrary to the Policy). The Committee will review developing issues and approve upcoming votes, as appropriate, for matters as requested by CGT.

The Committee reserves the right to review voting decisions at any time and to make voting decisions as necessary to ensure the independence and integrity of the votes.

B. Material Conflicts of Interest

In addition to the procedures discussed above, if the CGT Director determines that an issue raises a material conflict of interest, the CGT Director may request a special committee to review, and recommend a course of action with respect to, the conflict(s) in question ("Special Committee").

A potential material conflict of interest could exist in the following situations, among others:

1. The issuer soliciting the vote is a client of MSIM or an affiliate of MSIM and the vote is on a matter that materially affects the issuer.
2. The proxy relates to Morgan Stanley common stock or any other security issued by Morgan Stanley or its affiliates except if echo voting is used, as with MSIM Funds, as described herein.
3. Morgan Stanley has a material pecuniary interest in the matter submitted for a vote (e.g., acting as a financial advisor to a party to a merger or acquisition for which Morgan Stanley will be paid a success fee if completed).

If the CGT Director determines that an issue raises a potential material conflict of interest, depending on the facts and circumstances, the issue will be addressed as follows:

1. If the matter relates to a topic that is discussed in this Policy, the proposal will be voted as per the Policy.
2. If the matter is not discussed in this Policy or the Policy indicates that the issue is to be decided case-by-case, the proposal will be voted in a manner consistent with the Research Providers, provided that all the Research Providers consulted have the same recommendation, no portfolio manager objects to that vote, and the vote is consistent with MSIM's Client Proxy Standard.

3. If the Research Providers' recommendations differ, the CGT Director will refer the matter to a Special Committee to vote on the proposal, as appropriate.

Any Special Committee shall be comprised of the CGT Director, and at least two portfolio managers (preferably members of the Committee), as approved by the Committee. The CGT Director may request non-voting participation by MSIM's General Counsel or his/her designee and the Chief Compliance Officer or his/her designee. In addition to the research provided by Research Providers, the Special Committee may request analysis from MSIM Affiliate investment professionals and outside sources to the extent it deems appropriate.

C. Proxy Voting Reporting

The CGT will document in writing all Committee and Special Committee decisions and actions, which documentation will be maintained by the CGT for a period of at least six years. To the extent these decisions relate to a security held by an MSIM Fund, the CGT will report the decisions to each applicable Board of Trustees/Directors of those Funds at each Board's next regularly scheduled Board meeting. The report will contain information concerning decisions made during the most recently ended calendar quarter immediately preceding the Board meeting.

MSIM will promptly provide a copy of this Policy to any client requesting it. MSIM will also, upon client request, promptly provide a report indicating how each proxy was voted with respect to securities held in that client's account.

MSIM's Legal Department is responsible for filing an annual Form N-PX on behalf of each MSIM Fund for which such filing is required, indicating how all proxies were voted with respect to such Fund's holdings.

Appendix A

Appendix A applies to the following accounts managed by Morgan Stanley AIP GP LP or Private Investment Partners Inc. ("AIP"): (i) closed-end funds registered under the Investment Company Act of 1940, as amended, (ii) separate accounts and (iii) unregistered funds.

Generally, AIP will follow the guidelines set forth in Section II of MSIM's Proxy Voting Policy and Procedures. To the extent that such guidelines do not provide specific direction, or AIP determines that consistent with the Client Proxy Standard, the guidelines should not be followed, the Proxy Review Committee has delegated the voting authority to vote securities held by accounts managed by AIP to the Fund of Hedge Funds investment team, the Private Equity Fund of Funds investment team or the Private Equity Real Estate Fund of Funds investment team of AIP. A summary of decisions made by the investment teams will be made available to the Proxy Review Committee for its information at the next scheduled meeting of the Proxy Review Committee.

In certain cases, AIP may determine to abstain from determining (or recommending) how a proxy should be voted (and therefore abstain from voting such proxy or recommending how such proxy should be voted), such as where the expected cost of giving due consideration to the proxy does not justify the potential benefits to the affected account(s) that might result from adopting or rejecting (as the case may be) the measure in question.

WAIVER OF VOTING RIGHTS

For regulatory reasons, AIP may either 1) invest in a class of securities of an underlying fund (the "Fund") that does not provide for voting rights; or 2) waive 100% of its voting rights with respect to the following:

1. Any rights with respect to the removal or replacement of a director, general partner, managing member or other person acting in a similar capacity for or on behalf of the Fund (each individually a "Designated Person," and collectively, the "Designated Persons"), which may include, but are not limited to, voting on the election or removal of a Designated Person in the event of such Designated Person's death, disability, insolvency, bankruptcy, incapacity, or other event requiring a vote of interest holders of the Fund to remove or replace a Designated Person; and

2. Any rights in connection with a determination to renew, dissolve, liquidate, or otherwise terminate or continue the Fund, which may include, but are not limited to, voting on the renewal, dissolution, liquidation, termination or continuance of the Fund upon the occurrence of an event described in the Fund's organizational documents; provided, however, that, if the Fund's organizational documents require the consent of the Fund's general partner or manager, as the case may be, for any such termination or continuation of the Fund to be effective, then AIP may exercise its voting rights with respect to such matter.

Pacific Investment Management Company LLC

October 2012

Proxy Voting Policies and Procedures

PIMCO has adopted written proxy voting policies and procedures ("Proxy Policy") as required by Rule 206(4)-6 under the Advisers Act. In addition to covering the voting of equity securities, the Proxy Policy also applies generally to voting and/or consent rights of fixed income securities, including but not limited to, plans of reorganization, and waivers and consents under applicable indentures. The Proxy Policy does not apply, however, to consent rights that primarily entail decisions to buy or sell investments, such as tender or exchange offers, conversions, put options, redemption and Dutch auctions. The Proxy Policy is designed and implemented in a manner reasonably expected to ensure that voting and consent rights (collectively, "proxies") are exercised in the best interests of accounts.

With respect to the voting of proxies relating to equity securities, PIMCO has selected an unaffiliated third party proxy research and voting service ("Proxy Voting Service"), to assist it in researching and voting proxies. With respect to each proxy received, the Proxy Voting Service researches the financial implications of the proposals and provides a recommendation to PIMCO as to how to vote on each proposal based on the Proxy Voting Service's research of the individual facts and circumstances and the Proxy Voting Service's application of its research findings to a set of guidelines that have been approved by PIMCO. Upon the recommendation of the applicable portfolio managers, PIMCO may determine to override any recommendation made by the Proxy Voting Service. In the event that the Proxy Voting Service does not provide a recommendation with respect to a proposal, PIMCO may determine to vote on the proposals directly.

With respect to the voting of proxies relating to fixed income securities, PIMCO's fixed income credit research group (the "Credit Research Group") is responsible for researching and issuing recommendations for voting proxies. With respect to each proxy received, the Credit Research Group researches the financial implications of the proxy proposal and makes voting recommendations specific for each account that holds the related fixed income security. PIMCO considers each proposal regarding a fixed income security on a case-by-case basis taking into consideration any relevant contractual obligations as well as other relevant facts and circumstances at the time of the vote. Upon the recommendation of the applicable portfolio managers, PIMCO may determine to override any recommendation made by the Credit Research Group. In the event that the Credit Research Group does not provide a recommendation with respect to a proposal, PIMCO may determine to vote the proposal directly.

PIMCO may determine not to vote a proxy for an equity or fixed income security if: (1) the effect on the applicable account's economic interests or the value of the portfolio holding is insignificant in relation to the account's portfolio; (2) the cost of voting the proxy outweighs the possible benefit to the applicable account, including, without limitation, situations where a jurisdiction imposes share blocking restrictions which may affect the ability of the portfolio managers to effect trades in the related security; or (3) PIMCO otherwise has determined that it is consistent with its fiduciary obligations not to vote the proxy.

In the event that the Proxy Voting Service or the Credit Research Group, as applicable, does not provide a recommendation or the portfolio managers of a client account propose to override a recommendation by the Proxy Voting Service, or the Credit Research Group, as applicable, PIMCO will review the proxy to determine whether there is a material conflict between PIMCO and the applicable account or among PIMCO-advised accounts. If no material conflict exists, the proxy will be voted according to the portfolio managers' recommendation. If a material conflict does exist, PIMCO will seek to resolve the conflict in good faith and in the best interests of the applicable client account, as provided by the Proxy Policy. The Proxy Policy permits PIMCO to seek to resolve material conflicts of interest by pursuing any one of several courses of action. With respect to material conflicts of interest between PIMCO and a client account, the Proxy Policy permits PIMCO to either: (i) convene a committee to assess and resolve the conflict (the "Proxy Conflicts Committee"); or (ii) vote in accordance with protocols previously established by the Proxy Policy, the Proxy Conflicts Committee and/or other relevant procedures approved by PIMCO's Legal and Compliance department with respect to specific types of conflicts. With respect to material conflicts of interest between one or more PIMCO-advised accounts, the Proxy Policy permits PIMCO to: (i) designate a PIMCO portfolio manager who is not subject to the conflict to determine how to vote the proxy if the conflict exists between two accounts with at least one portfolio manager in common; or (ii) permit the respective portfolio managers to vote the proxies in accordance with each client account's best interests if the conflict exists between client accounts managed by different portfolio managers.

PIMCO will supervise and periodically review its proxy voting activities and the implementation of the Proxy Policy. PIMCO's Proxy Policy, and information about how PIMCO voted a client's proxies, is available upon request.

PineBridge Investments LLC

Original Issue Date: 2005

Last Revision Date: March 2013

I. Introduction

Proxy voting is an important right of shareholders, such as PineBridge Clients, for which PineBridge must take reasonable care and diligence to ensure such rights are properly and timely exercised. PineBridge, as a fiduciary for its Clients, must vote proxies in each Client's best interest.

II. Policy Statement

Proxy Procedures

As a registered investment adviser that votes (or delegates the voting of) securities held in Client portfolios, PineBridge has implemented proxy voting procedures that are reasonably designed to help ensure that a) PineBridge votes proxies in the best interest of its Clients; b) describes its proxy voting procedures to its Clients, and c) discloses to Clients how they may obtain information on how PineBridge voted their proxies. These procedures are designed to help enable PineBridge to manage material conflicts of interest. While PineBridge must disclose its votes upon request to Clients, no public disclosure is required. (Note that disclosure is required for any mutual funds advised by PineBridge, on Form N-PX.)

Record-Keeping

PineBridge must retain (i) these proxy voting policies and procedures; (ii) proxy statements received regarding Client securities; (iii) records of votes it casts on behalf of Clients; (iv) records of Client requests for proxy voting information, and; (v) any documents prepared by

PineBridge that were material to making a decision how to vote, or that memorialized the basis for the decision. PineBridge may rely on proxy statements filed on EDGAR instead of keeping its own copies, and rely on proxy statements and records of proxy votes cast by PineBridge that are maintained by contract with a third party proxy voting service or other third party.

Proxies of Shares of Non-U.S. Corporations

PineBridge has implemented general voting policies with respect to non-U.S. shares owned by Clients. However, although U.S. companies must give shareholders at least 20 days' advance notice to vote proxies, some non-U.S. companies may provide considerably shorter notice or none at all. PineBridge is not required to "rush" voting decisions in order to meet an impractical deadline, and as a result, PineBridge or PineBridge affiliates' regional designees under certain circumstances may not vote certain proxies. In addition, certain non-U.S. regulations impose additional costs to a Portfolio that votes proxies, and PineBridge will take that into consideration when determining whether or not to vote.

Policy on Monitoring Class Action Suits

In the event that PineBridge has purchased the same security for a Client's portfolio alongside its investments on behalf of itself or an affiliate, PineBridge generally will seek to inform a Client that such Client may also have a cause of action whenever such issuer is subject to class action litigation. PineBridge as a general matter will also make available to the Client such rights, if any, as that PineBridge may have against any such issuer in its capacity as the Client's agent, and PineBridge will, where possible, give the Client such assistance as it may reasonably require to exercise its rights in any such action.

PineBridge generally does not, however, search out potential legal claims or monitor class action lawsuits against issuers arising from investments held in a Client portfolio, nor may PineBridge institute a lawsuit on a Client's behalf arising from investments held in the Client portfolio.

In addition, given the size and breadth of PineBridge's business, it is possible that there may be situations in which PineBridge or an affiliate might become aware of a potential lawsuit with respect to a security, one of which may also be held within a Client portfolio. In these situations, there is the possibility, due to confidentiality requirements or conflicts of interest, that PineBridge would be restricted from informing a Client of potential legal actions and activities.

In the case of a material conflict between the interests of PineBridge and those of its Clients, PineBridge will take steps to address such conflicts (which may include consulting with counsel), and will attempt to resolve all conflicts in the Client's best interest.

III. Procedures

PineBridge will vote proxies in the best interests of its Clients, which may result in different voting results for proxies for the same issuer.

- Compliance is responsible for ensuring that the PineBridge ADV includes the appropriate language summarizing PineBridge's proxy voting procedures and for updating the summary in the ADV whenever the procedures are updated. Compliance is also responsible for consulting with Legal to ensure that PineBridge's proxy voting policy is kept up to date and in a form appropriate for transmission to Clients.
- If a Client or potential Client requests a copy of the Proxy Voting Policy from Client Relations or Sales, Compliance should be contacted for the most recent version, or it may be obtained from the intranet. Client Relations will send to such Client a copy of the current version of the voting procedures within 7 days and will ensure that Compliance receives a log of each Client's request and the action taken.
- If a Client requests access to the records of how PineBridge voted its proxies, the Client should be assured that this will be provided, and Compliance should be consulted. Compliance has access to these proxy voting records.
- PineBridge has established a Proxy Committee (the "Committee"). The PineBridge Proxy Committee is comprises members of Compliance, the Investment Department, and senior management.
- The Committee conducts an annual review of the proxy voting guidelines for domestic and non-U.S. Portfolios. Guidelines are reviewed to ensure that the interests of PineBridge's Clients are best served.
- Issues not addressed in the voting guidelines are determined on a case-by-case basis with input from the Committee and portfolio managers.
- PineBridge has engaged a third party vendor to administer proxy voting on its behalf. The vendor receives, in a majority of cases, proxies directly from the Client's custodian and votes them based on PineBridge's general voting guidelines.
- In circumstances where PineBridge receives proxies directly, these proxies must be sent to the vendor promptly. The vendor then votes them in accordance with PineBridge's general voting guidelines. The vendor maintains a listing of all votes cast on behalf of PineBridge Clients.

IV. Associated Policies

Advisory Agreements Policy

ProFund Advisors LLC

ProFund Advisors LLC ("ProFund Advisors") has adopted the following proxy voting policies and procedures (the "Guidelines"), which are designed to maximize shareholder value and protect shareowner interests when voting proxies. ProFund Advisors' Proxy Oversight Committee (the "Proxy Committee") exercises and documents ProFund Advisors' responsibility with regard to voting of client proxies. The Proxy Committee is composed of representatives of ProFund Advisors' Compliance, Legal and Portfolio Management Departments. The Proxy Committee reviews and monitors the effectiveness of the Guidelines.

To assist ProFund Advisors in its responsibility for voting proxies and the overall proxy voting process, ProFund Advisors has retained ISS Governance Services ("ISS") as an expert in the proxy voting and corporate governance area. ISS is a subsidiary of MSCI, Inc., an independent company that specializes in, among other things, providing a variety of proxy-related services to institutional investment managers, plan sponsors, custodians, consultants, and other institutional investors. The services provided by ISS include in-depth research, global issuer analysis, and voting recommendations as well as vote execution, reporting and record keeping. ISS issues quarterly reports for ProFund Advisors to review to assure proxies are being voted properly. ProFund Advisors and ISS also perform spot checks intra-quarter to match the voting activity with available shareholder meeting information. ISS's management meets on a regular basis to discuss its approach to new developments and amendments to existing policies. Information on such developments or amendments in turn is provided to the Proxy Committee. The Proxy Committee reviews and, as necessary, may amend periodically the Guidelines to address new or revised proxy voting policies or procedures.

The Guidelines are maintained and implemented by ISS and are an extensive list of common proxy voting issues with recommended voting actions based on the overall goal of achieving maximum shareholder value and protection of shareholder interests. Generally, proxies are voted in accordance with the voting recommendations contained in the Guidelines. If necessary, ProFund Advisors will be consulted by ISS on non-routine issues. Proxy issues identified in the Guidelines include but are not limited to:

Election of Directors – considering factors such as director qualifications, term of office and age limits.

Proxy Contests – considering factors such as voting for nominees in contested elections and reimbursement of expenses.

Election of Auditors – considering factors such as independence and reputation of the auditing firm.

Proxy Contest Defenses – considering factors such as board structure and cumulative voting.

Tender Offer Defenses – considering factors such as poison pills (stock purchase rights plans) and fair price provisions.

Miscellaneous Governance Issues – considering factors such as confidential voting and equal access.

Capital Structure – considering factors such as common stock authorization and stock distributions.

Executive and Director Compensation – considering factors such as performance goals and employee stock purchase plans.

State of Incorporation – considering factors such as state takeover statutes and voting on reincorporation proposals.

Mergers and Corporate Restructuring – considering factors such as spin-offs and asset sales.

Mutual Fund Proxy Voting – considering factors such as election of directors and proxy contests.

Consumer and Public Safety Issues – considering factors such as social and environmental issues as well as labor issues.

A full description of each Guideline and voting policy is maintained by ProFund Advisors, and a complete copy of the Guidelines is available upon request.

Conflicts of Interest

From time to time, proxy issues may pose a material conflict of interest between a fund's shareholders and ProFund Advisors, the underwriter or any affiliates thereof. Due to the limited nature of ProFund Advisors' activities (e.g., no underwriting business, no publicly traded affiliates, no investment banking activities, and no research recommendations), conflicts of interest are likely to be infrequent. Nevertheless, it shall be the duty of the Proxy Committee to monitor potential conflicts of interest. In the event a conflict of interest arises, ProFund Advisors will direct ISS to use its independent judgment to vote affected proxies in accordance with approved guidelines. The Proxy Committee will disclose to TAM the voting issues that created the conflict of interest and the manner in which ISS voted such proxies.

Quantitative Management Associates LLC

Proxy Voting Policies and Procedures

IV. OPERATIONS POLICIES B. PROXY POLICY

Policy Statement:

QMA will vote proxies in the best long-term economic interests of clients whose accounts hold the securities. In the case of pooled accounts, QMA will vote proxies in the best long-term economic interest of the pooled account. QMA will maintain its proxy voting policies and the voting records for all client accounts. QMA will make these policies available to clients upon their request, and the voting records for any client will be made available to that client upon its request. QMA will not disclose to outside sources how it intends to vote a proxy but may, on occasion, discuss a proxy issue with major shareholders and/or company management.

Regulatory Background:

Rule 206(4)-6 under the Investment Advisers Act of 1940 ("Advisers Act") requires advisers to adopt and implement policies and procedures that are reasonably designed to ensure that the adviser votes proxies in the best interest of its clients. These policies and procedures must be in writing and must describe how the adviser addresses material conflicts between its interests and those of its clients with respect to proxy voting. Accordingly, QMA has adopted and implements written procedures designed to enable it to identify, address and monitor potential conflicts of interest.

Rule 206(4)-6 also requires each investment adviser to (1) disclose to clients how they may obtain information from the adviser about how it voted with respect to their respective securities; and (2) describe to clients its proxy voting policies and procedures and, upon request, furnish a copy of the policies and procedures to the requesting client.

Proxy Voting Responsibilities and Procedures:

Proxy voting is coordinated by the QMA Operations unit. QMA currently utilizes a third party vendor as its proxy voting facilitator and administrator (the "Voting Agent").

QMA has provided the Voting Agent with its standardized voting instructions for routine issues. When proxies are received with respect to issues not clearly addressed by QMA's standard guidelines, the portfolio managers designated by the proxy committee will determine how to vote on such issues on a case-by-case basis, and QMA Operations will work directly with the portfolio managers and/or QMA's proxy committee to document each such voting decision.

QMA Operations will maintain procedures that identify the controls and reconciliations of the Voting Agent's voting records to monitor the Voting Agent's compliance with QMA's voting guidelines and instructions.

QMA may, from time to time, in its discretion, engage other vendors to provide some or all of the services presently provided by the Voting Agent. Notwithstanding its engagement of third parties to facilitate the proxy voting process, however, QMA will retain responsibility for fulfilling its proxy voting obligations under the Advisers Act.

Some of QMA's clients elect to retain voting authority for themselves. Those clients receive proxies and other solicitation materials from their custodians. If QMA receives these materials for the account of such a client, we will forward them to the client's custodian. If a client has a question about a particular solicitation, the client may contact its client service representative and QMA will seek to address the client's question but will not, (as noted above) disclose how we intend to vote on an issue for other clients' accounts.

Certain QMA clients may participate in securities lending programs in their accounts. QMA does not control or participate in any way in these programs and does not know when or which securities in our clients' accounts have been loaned. QMA cannot vote securities that are out of our clients' portfolios on loan or are otherwise excluded from voting privileges.

Recordkeeping Requirements Relating to Proxy Voting:

Rule 204-2(c)(2) under the Advisers Act requires advisers to retain::

1. their proxy voting policies and procedures,
2. proxy statements received regarding client securities*,
3. records of votes they cast on behalf of clients,
4. copies of written client requests for proxy voting information and the adviser's responses, and
5. any documents prepared by the adviser that were material to making a decision how to vote, or that memorialized the basis for the decision.

The books and records described above must be retained for two years on-site and five years overall. QMA Operations will maintain the records of QMA's proxy voting policies and of each proxy voted.

QMA Proxy Committee:

The QMA Proxy Committee has been formed to provide guidance to and oversight of QMA's proxy voting responsibilities. The Committee is comprised of representatives from the Investment, Operations, Compliance, and Legal units. Committee representatives from the Investment unit are responsible for determining the voting guidelines ("Guidelines") identified in QMA's 'Statement of Proxy Voting Guidelines and Procedures ' attached herein and have established standing instructions for many routine ballot issues. These Committee representatives are also responsible for reviewing and reconsidering QMA's proxy voting instructions periodically to ensure that they reflect the investment team's current views. Additionally, the Investment unit representatives (or delegates on the investment team) will act to determine any votes on non-routine issues on a case-by-case basis, as identified in the Guidelines or otherwise.

The QMA Proxy Committee will also identify any issuers ("Conflict Issuer") as to which QMA believes there may be a potential conflict between the respective interests of QMA and its clients. Proxies with respect to these issuers will be voted in accordance with the Voting Agent's policy.

* Advisers are required to retain a copy of each proxy statement received regarding client securities, but may rely on their ability to obtain proxy statements from the SEC's EDGAR system, which makes proxy statements publicly available, to meet this requirement.

Currently, QMA defines a Conflict Issuer, with respect to existing clients, as a client who is a public issuer of securities and represents greater than 1% of QMA's annual revenues. From time to time, QMA may determine different or additional criteria to identify other Conflict Issuers. Conflict Issuers, including QMA's parent company Prudential Financial, are voted in accordance with the Voting Agent's guidelines. On an annual basis, PIM Compliance will collect and aggregate information from each PIM business unit, including QMA and Jennison, with respect to public securities issuers that may potentially present a material conflict of interest based on their client, vendor or other business relationship to or with a specific investment unit. Following review of the list, the PIM Compliance unit will communicate Conflict Issuers from this list to QMA. QMA Operations will communicate and confirm with the Voting Agent that they are voting these proxies in accordance with the Voting Agent's policy.

Systematic Financial Management, L.P.

Proxy Voting Disclosure

Clients may delegate proxy voting authority over their account to Systematic in their investment management agreement or investment guidelines, or by other written direction to Systematic. Upon such delegation of proxy voting authority, Systematic will notify both its independent proxy-voting agent ("agent") and the client's custodian that Systematic's agent will vote on behalf of Systematic for that client's account. Systematic will also provide the client's custodian with the appropriate instructions for delivery of proxy ballots for the client's account. Systematic clients may revoke Systematic's voting authority by providing written notice to Systematic

As stated above, Systematic has retained an independent proxy-voting agent ("agent"), and Systematic generally follows the agent's proxy voting guidelines when voting proxies. The adoption of the agent's proxy voting guidelines provides independent guidelines for voting proxies and is designed to remove conflicts of interest that could affect the outcome of a vote. The intent of this policy is to remove any discretion that Systematic may have to interpret how to vote proxies in cases where Systematic has a conflict of interest or the appearance of a conflict of interest.

Although under normal circumstances Systematic is not expected to exercise its voting discretion or to override the agent's recommendation, Systematic's Proxy Voting Committee will monitor any situation where Systematic believes it has a material conflict of interest, or where Systematic wishes to exercise its discretion or more closely review a particular matter. In these situations, the Proxy Voting Committee will provide the actual voting recommendation after a review of the vote(s) involved with such determination being based in the Committee's determination of what is in the best interests of Systematic's clients. Systematic uses consensus decisions when voting an issue and does not allow Portfolio Managers to vote proxies independently. Systematic's Chief Compliance Officer (CCO) must approve any decision made on such vote prior to the vote being cast. In approving any such decision, the CCO will use his or her best judgment to ensure that the spirit of Systematic's proxy voting guidelines is being followed. Systematic will maintain documentation of any such voting decision.

The agent has policies and procedures in place to mitigate potential conflicts of interest. The agent is obligated to notify Systematic, in advance of voting any proxies, in specific situations where it may have a material conflict of interest with a company whose proxy it is responsible for voting on behalf of a Systematic client. If this situation occurs, the agent will follow its procedures regarding conflicts of interest and Systematic will follow the same procedures it does for situations where it has a material conflict of interest, as described above.

Systematic maintains five sets of proxy voting guidelines: one based on AFL-CIO polices for Taft-Hartley Plan Sponsors, another for clients with Socially Responsible Investing guidelines, another for Public Plans, another for Catholic or other faith-based entities and the fifth being a General Policy for all other clients, covering U.S. and global proxies. Institutional clients may select which set of proxy guidelines they wish be used to vote their account's proxies. In instances where the client does not select a voting policy, Systematic would typically apply the General Proxy Voting Policy when voting on behalf of the client. Systematic may process certain proxies without voting them, such as by making a decision to abstain from voting or take no action on such proxies (or on certain proposals within such proxies). Examples include, without limitation: proxies issued by companies that the firm has decided to sell, proxies issued for securities that the firm did not select for a client portfolio (such as securities selected by the client or a previous adviser, unsupervised securities held in a client's account, money market securities or other securities selected by clients or their representatives other than Systematic), or proxies issued by foreign companies that impose burdensome or unreasonable voting, power of attorney or holding requirements such as with share blocking as further noted below.

Systematic also seeks to ensure that, to the extent reasonably feasible, proxies for which it receives ballots in good order and receives timely notice will be voted or otherwise processed (such as through a decision to abstain or take no action). Systematic may be unable to vote or otherwise process proxy ballots that are not received in a timely manner due to limitations of the proxy voting system, custodial limitations or other factors beyond the firm's control. Such ballots may include, without limitation, ballots for securities out on loan under securities lending programs initiated by the client or its custodian, ballots not forwarded in a timely manner by a custodian, or ballots that were not received by Systematic from its proxy voting vendor on a timely basis.

SHARE BLOCKING

In general, unless otherwise directed by the client, Systematic will make reasonable efforts to vote client proxies in accordance with the proxy voting recommendations of the Firm's proxy voting service provider. Systematic will generally decline to vote proxies if to do so would cause a restriction to be placed on Systematic's ability to trade securities held in client accounts in "share blocking" countries. Accordingly, Systematic may abstain from votes in a share blocking country in favor of preserving its ability to trade any particular security at any time.

Systematic maintains written Proxy Voting Policies and Procedures as required by Rule 206(4)-6 under the Investment Advisers Act. These policies and procedures, in addition to how Systematic voted proxies for securities held in your account(s), are available upon request.

T. Rowe Price Associates, Inc.
T. Rowe Price International Ltd
T. Rowe Price (Canada), Inc
T. Rowe Price Hong Kong Limited
T. Rowe Price Singapore Private Ltd.

PROXY VOTING POLICIES AND PROCEDURES

Responsibility to Vote Proxies

T. Rowe Price Associates, Inc., T. Rowe Price International Ltd, T. Rowe Price (Canada), Inc., T. Rowe Price Hong Kong Limited, and T. Rowe Price Singapore Private Ltd. ("T. Rowe Price") recognize and adhere to the principle that one of the privileges of owning stock in a company is the right to vote in the election of the company's directors and on matters affecting certain important aspects of the company's structure and operations that are submitted to shareholder vote. As an investment adviser with a fiduciary responsibility to its clients, T. Rowe Price analyzes the proxy statements of issuers whose stock is owned by the U.S.-registered investment companies which it sponsors and serves as investment adviser ("T. Rowe Price Funds") and by common trust funds, offshore funds, institutional and private counsel clients who have requested that T. Rowe Price be involved in the proxy process. T. Rowe Price has assumed the responsibility for voting proxies on behalf of the T. Rowe Price Funds and certain counsel clients who have delegated such responsibility to T. Rowe Price. In addition, T. Rowe Price makes recommendations regarding proxy voting to counsel clients who have not delegated the voting responsibility but who have requested voting advice. T. Rowe Price reserves the right to decline to vote proxies in accordance with client-specific voting guidelines.

T. Rowe Price has adopted these Proxy Voting Policies and Procedures ("Policies and Procedures") for the purpose of establishing formal policies and procedures for performing and documenting its fiduciary duty with regard to the voting of client proxies.

Fiduciary Considerations. It is the policy of T. Rowe Price that decisions with respect to proxy issues will be made in light of the anticipated impact of the issue on the desirability of investing in the portfolio company from the viewpoint of the particular client or Price Fund. Proxies are voted solely in the interests of the client, Price Fund shareholders or, where employee benefit plan assets are involved, in the interests of plan participants and beneficiaries. Our intent has always been to vote proxies, where possible to do so, in a manner consistent with our fiduciary obligations and responsibilities. Practicalities and costs involved with international investing may make it impossible at times, and at other times disadvantageous, to vote proxies in every instance.

Other Considerations. One of the primary factors T. Rowe Price considers when determining the desirability of investing in a particular company is the quality and depth of its management. We recognize that a company's management is entrusted with the day-to-day operations of the company, as well as its long-term direction and strategic planning, subject to the oversight of the company's board of directors. Accordingly, our proxy voting guidelines are not intended to substitute our judgment for management's with respect to the company's day-to-day operations. Rather, our voting guidelines are designed to promote accountability of a company's management and board of directors to its shareholders; to align the interests of management with those of shareholders; and to encourage companies to adopt best practices in terms of their corporate governance. In addition to our voting guidelines, we rely on a company's disclosures, its board's recommendations, a company's track record, country-specific best practices codes, our research providers and, most importantly, our investment professionals' views, in making voting decisions.

ADMINISTRATION OF POLICIES AND PROCEDURES

Proxy Committee. T. Rowe Price's Proxy Committee ("Proxy Committee") is responsible for establishing positions with respect to corporate governance and other proxy issues, including those involving corporate social responsibility issues. Certain delegated members of the Proxy Committee also review questions and respond to inquiries from clients and mutual fund shareholders pertaining to proxy issues. While the Proxy Committee sets voting guidelines and serves as a resource for T. Rowe Price portfolio management, it does not have proxy voting authority for any Price Fund or counsel client. Rather, this responsibility is held by the Chairperson of the Fund's Investment Advisory Committee or counsel client's portfolio manager.

Global Proxy Services Group. The Global Proxy Services Group is responsible for administering the proxy voting process as set forth in the Policies and Procedures.

Proxy Administrator. The Global Proxy Services Group will assign a Proxy Administrator who will be responsible for ensuring that all meeting notices are reviewed and important proxy matters are communicated to the portfolio managers for consideration.

Global Corporate Governance Analyst. Our Global Corporate Governance Analyst is responsible for reviewing the proxy agendas for all upcoming meetings and making company-specific recommendations to our global industry analysts and portfolio managers with regard to the voting decisions in their portfolios.

HOW PROXIES ARE REVIEWED, PROCESSED AND VOTED

In order to facilitate the proxy voting process, T. Rowe Price has retained ISS as an expert in the proxy voting and corporate governance area. ISS specializes in providing a variety of fiduciary-level proxy advisory and voting services. These services include voting recommendations as well as vote execution, reporting, auditing and consulting assistance for the handling of proxy voting responsibility. In order to reflect T. Rowe Price's issue-by-issue voting guidelines as approved each year by the Proxy Committee, ISS maintains and implements a custom voting policy for the Price Funds and other client accounts.

Meeting Notification

T. Rowe Price utilizes ISS's voting agent services to notify us of upcoming shareholder meetings for portfolio companies held in client accounts and to transmit votes to the various custodian banks of our clients. ISS tracks and reconciles T. Rowe Price holdings against incoming proxy ballots. If ballots do not arrive on time, ISS procures them from the appropriate custodian or proxy distribution agent. Meeting and record date information is updated daily, and transmitted to T. Rowe Price through Proxy Exchange, ISS's web-based application.

Vote Determination

Each day, ISS delivers into T. Rowe Price's proprietary proxy research platform a comprehensive summary of upcoming meetings, proxy proposals, publications discussing key proxy voting issues, and custom vote recommendations to assist us with proxy research and processing. The final authority and responsibility for proxy voting decisions remains with T. Rowe Price. Decisions with respect to proxy matters are made primarily in light of the anticipated impact of the issue on the desirability of investing in the company from the perspective of our clients.

Portfolio managers may decide to vote their proxies consistent with T. Rowe Price's policies as set by the Proxy Committee and instruct our Proxy Administrator to vote all proxies accordingly. Alternatively, portfolio managers may request to review the vote recommendations and sign off on all proxies before the votes are cast, or they may choose only to sign off on those votes cast against management. The portfolio managers are also given the option of reviewing and determining the votes on all proxies without utilizing the vote guidelines of the Proxy Committee. In all cases, the portfolio managers may elect to receive current reports summarizing all proxy votes in their client accounts. Portfolio managers who vote their proxies inconsistent with T. Rowe Price guidelines are required to document the rationale for their votes. The Proxy Administrator is responsible for maintaining this documentation and assuring that it adequately reflects the basis for any vote which is cast contrary to T. Rowe Price guidelines.

T. Rowe Price Voting Policies

Specific voting guidelines have been adopted by the Proxy Committee for all regularly occurring categories of management and shareholder proposals. A detailed set of voting guidelines is available on the T. Rowe Price web site, www.troweprice.com. The following is a summary of our guidelines on the most significant proxy voting topics:

Election of Directors – For U.S. companies, T. Rowe Price generally supports slates with a majority of independent directors. However, T. Rowe Price may vote against outside directors who do not meet our criteria relating to their independence, particularly when they serve on key board committees, such as compensation and nominating committees, for which we believe that all directors should be independent. Outside the U.S., we expect companies to adhere to the minimum independence standard established by regional corporate governance codes. At a minimum, however, we believe boards in all regions should include a blend of executive and non-executive members, and we are likely to vote against senior executives at companies without any independent directors. We also vote against directors who are unable to dedicate sufficient time to their board duties due to their commitments to other boards. We may vote against certain directors who have served on company boards where we believe there has been a gross failure in governance or oversight. Additionally, we may vote against compensation committee members who approve excessive executive compensation or severance arrangements. We support efforts to elect all board members annually because boards with staggered terms lessen directors' accountability to shareholders and act as deterrents to takeover proposals. To strengthen boards' accountability, T. Rowe Price supports proposals calling for a majority vote threshold for the election of directors and we may withhold votes from an entire board if they fail to implement shareholder proposals that receive majority support.

Anti-takeover, Capital Structure and Corporate Governance Issues – T. Rowe Price generally opposes anti-takeover measures since they adversely impact shareholder rights and limit the ability of shareholders to act on potential value-enhancing transactions. Such anti-takeover mechanisms include classified boards, supermajority voting requirements, dual share classes, and poison pills. When voting on capital structure proposals, T. Rowe Price will consider the dilutive impact to shareholders and the effect on shareholder rights. We may support shareholder proposals that call for the separation of the Chairman and CEO positions if we determine that insufficient governance safeguards are in place at the company.

Executive Compensation Issues – T. Rowe Price's goal is to assure that a company's equity-based compensation plan is aligned with shareholders' long-term interests. We evaluate plans on a case-by-case basis, using a proprietary, scorecard-based approach that employs a number of factors, including dilution to shareholders, problematic plan features, burn rate, and the equity compensation mix. Plans that are constructed to effectively and fairly align executives' and shareholders' incentives generally earn our approval. Conversely, we oppose compensation packages that provide what we view as excessive awards to few senior executives, contain the potential for excessive dilution relative to the company's peers, or rely on an inappropriate mix of options and full-value awards. We also may oppose equity plans at any company where we deem the overall compensation practices to be problematic. We generally oppose efforts to reprice options in the event of a decline in value of the underlying stock unless such plans appropriately balance shareholder and employee interests. For companies with particularly egregious pay practices such as excessive severance packages, executives with outsized pledged/hedged stock positions, executive perks, and bonuses that are not adequately linked to performance, we may vote against compensation committee members. We analyze management proposals requesting ratification of a company's executive compensation practices ("Say-on-Pay" proposals) on a case-by-case basis, using a proprietary scorecard-based approach that assesses the long-term linkage between executive compensation and company performance as well as the presence of objectionable structural features in compensation plans. With respect to the frequency in which companies should seek advisory votes on compensation, we believe shareholders should be offered the opportunity to vote annually. Finally, we may withhold votes from compensation committee members or even the entire board if we have cast votes against a company's "Say-on-Pay" vote in consecutive years.

Mergers and Acquisitions – T. Rowe Price considers takeover offers, mergers, and other extraordinary corporate transactions on a case-by-case basis to determine if they are beneficial to shareholders' current and future earnings stream and to ensure that our Price Funds and clients are receiving fair consideration for their securities. We generally oppose proposals for the ratification of executive severance packages ("Say on Golden Parachute" proposals) in conjunction with merger transactions because we believe these arrangements are, by and large, unnecessary, and they reduce the alignment of executives' incentives with shareholders' interests.

Corporate Social Responsibility Issues – Vote recommendations for corporate responsibility issues are generated by the Global Corporate Governance Analyst using ISS's proxy research and company reports. T. Rowe Price generally votes with a company's management on social, environmental and corporate responsibility issues unless the issue has substantial investment implications for the company's business or operations which have not been adequately addressed by management. T. Rowe Price supports well-targeted shareholder proposals on environmental and other public policy issues that are particularly relevant to a company's businesses.

Global Portfolio Companies – ISS applies a two-tier approach to determining and applying global proxy voting policies. The first tier establishes baseline policy guidelines for the most fundamental issues, which span the corporate governance spectrum without regard to a company's domicile. The second tier takes into account various idiosyncrasies of different countries, making allowances for standard market practices, as long as they do not violate the fundamental goals of good corporate governance. The goal is to enhance shareholder value through effective use of the shareholder franchise, recognizing that application of policies developed for U.S. corporate governance issues are not appropriate for all markets. The Proxy Committee has reviewed ISS's general global policies and has developed international proxy voting guidelines which in most instances are consistent with ISS recommendations.

Index and Passively Managed Accounts – Proxy voting for index and other passively-managed portfolios is administered by the Global Proxy Services Group using T. Rowe Price's policies as set by the Proxy Committee. If a portfolio company is held in both an actively managed account and an index account, the index account will default to the vote as determined by the actively managed proxy voting process.

Divided Votes – In situations where a decision is made which is contrary to the policies established by the Proxy Committee, or differs from the vote for any other client or T. Rowe Price Fund, the Global Proxy Services Group advises the portfolio managers involved of the divided vote. The persons representing opposing views may wish to confer to discuss their positions. In such instances, it is the normal practice for the portfolio manager to document the reasons for the vote if it is against T. Rowe Price policy. The Proxy Administrator is responsible for assuring that adequate documentation is maintained to reflect the basis for any vote which is cast in opposition to T. Rowe Price policy.

Shareblocking – Shareblocking is the practice in certain foreign countries of "freezing" shares for trading purposes in order to vote proxies relating to those shares. In markets where shareblocking applies, the custodian or sub-custodian automatically freezes shares prior to a shareholder meeting once a proxy has been voted. Shareblocking typically takes place between one and fifteen (15) days before the shareholder meeting, depending on the market. In markets where shareblocking applies, there is a potential for a pending trade to fail if trade settlement takes place during the blocking period. T. Rowe Price's policy is generally to abstain from voting shares in shareblocking countries unless the matter has compelling economic consequences that outweigh the loss of liquidity in the blocked shares.

Securities on Loan – The T. Rowe Price Funds and our institutional clients may participate in securities lending programs to generate income. Generally, the voting rights pass with the securities on loan; however, lending agreements give the lender the right to terminate the loan and pull back the loaned shares provided sufficient notice is given to the custodian bank in advance of the voting deadline. T. Rowe Price's policy is generally not to vote securities on loan unless the portfolio manager has knowledge of a material voting event that could affect the value of the loaned securities. In this event, the portfolio manager has the discretion to instruct the Proxy Administrator to pull back the loaned securities in order to cast a vote at an upcoming shareholder meeting.

Monitoring and Resolving Conflicts of Interest

The Proxy Committee is also responsible for monitoring and resolving potential conflicts between the interests of T. Rowe Price and those of its clients with respect to proxy voting. We have adopted safeguards to ensure that our proxy voting is not influenced by interests other than those of our fund shareholders. While membership on the Proxy Committee is diverse, it does not include individuals whose primary duties relate to client relationship management, marketing, or sales. Since T. Rowe Price's voting guidelines are pre-determined by the Proxy Committee, application of the guidelines by fund portfolio managers to vote fund proxies should in most instances adequately address any potential conflicts of interest. However, the Proxy Committee conducts a post-vote review of all proxy votes that are inconsistent with the guidelines to determine whether the portfolio manager's voting rationale appears reasonable. The Proxy Committee also assesses whether any business or other material relationships between T. Rowe Price and a portfolio company (unrelated to the ownership of the portfolio company's securities) could have influenced an inconsistent vote on that company's proxy. Issues raising potential conflicts of interest are referred to designated members of the Proxy Committee for immediate resolution prior to the time T. Rowe Price casts its vote. With respect to personal conflicts of interest, T. Rowe Price's Code of Ethics and Conduct requires all employees to avoid placing themselves in a "compromising position" in which their interests may conflict with those of our clients and restrict their ability to engage in certain outside business activities. Portfolio managers or Proxy Committee members with a personal conflict of interest regarding a particular proxy vote must recuse themselves and not participate in the voting decisions with respect to that proxy.

Specific Conflict of Interest Situations. Voting of T. Rowe Price Group, Inc. common stock (sym: TROW) by certain T. Rowe Price Index Funds will be done in all instances in accordance with T. Rowe Price policy, and votes inconsistent with policy will not be permitted. In addition, T. Rowe Price has voting authority for proxies of the holdings of certain T. Rowe Price funds that invest in other T. Rowe Price funds. In cases where the underlying fund of a T. Rowe Price fund-of-funds holds a proxy vote, T. Rowe Price will mirror vote the fund shares held by the fund-of-funds in the same proportion as the votes cast by the shareholders of the underlying funds.

REPORTING AND RECORD RETENTION

Vote Summary Reports will be generated for each client that requests T. Rowe Price to furnish proxy voting records. The report specifies the portfolio companies, meeting dates, proxy proposals, and votes which have been cast for the client during the period and the position taken with respect to each issue. Reports normally cover quarterly or annual periods and are provided to clients upon request.

T. Rowe Price retains proxy solicitation materials, memoranda regarding votes cast in opposition to the position of a company's management, and documentation on shares voted differently. In addition, any document which is material to a proxy voting decision such as the T. Rowe Price voting guidelines, Proxy Committee meeting materials, and other internal research relating to voting decisions will be kept. All proxy voting materials and supporting documentation are retained for six years (except for proxy statements available on the SEC's EDGAR database).

Updated: February 2013

TORRAY LLC

PROXY VOTING POLICY AND PROCEDURES

GOVERNING STANDARDS

This Proxy Voting Policy and Procedures (the "Policy") has been adopted by TORRAY LLC ("TORRAY") to comply with Rule 206(4)-6 (the "Rule") under the Investment Advisers Act of 1940 ("Advisers Act"). The Policy, which has been designed to ensure that TORRAY votes proxies in the best interest of its clients and provides clients with information about how their proxies are voted, contains procedures that have been reasonably designed to prevent and detect fraudulent, deceptive or manipulative acts by TORRAY and its advisory affiliates.[1]

LEGAL REQUIREMENTS

The Rule states that it is a fraudulent, deceptive, or manipulative act, practice or course of business within the meaning of Section 206(4) of the Advisers Act, for an investment adviser to exercise voting authority with respect to client securities, unless the adviser:

(a) Adopts and implements written policies and procedures that are reasonably designed to ensure that the adviser votes client securities in the best interest of clients, which procedures must include how the adviser addresses material conflicts that may arise between its interests and those of its clients;

(b) Discloses to clients how they may obtain information from the adviser about how it voted with respect to their securities; and

(c) Describes to clients the adviser's proxy voting policies and procedures and, upon request, furnish a copy of the policies and procedures to the requesting client.

In accordance with their obligations under the Rule, TORRAY has designed and adopted the following procedures to ensure that client proxies are voted in the best interest of clients at all times.

POLICY

The Policy applies to those client accounts that contain voting securities and for which TORRAY has authority to vote client proxies. The Policy will be reviewed and, as necessary, updated periodically to address new or revised proxy voting issues.

When voting proxies for client accounts, TORRAY's primary objective is to make voting decisions in the interest of maximizing shareholder value. To that end, TORRAY will vote in a way that it believes, consistent with its fiduciary duty, will cause the issue to increase the most or decline the least in value. Consideration will be given to both the short and long term implications of the proposal to be voted on when considering the optimal vote.

In certain situations, a client or its fiduciary may provide TORRAY with a statement of proxy voting policy or guidelines. In these situations, TORRAY shall seek to comply with such policy or guidelines to the extent that it would not be inconsistent with applicable regulation or its fiduciary responsibilities.

PROCEDURES

A. TORRAY votes proxies for all clients. TORRAY will maintain a list of all clients for which it does not vote proxies. The list will be maintained electronically and updated by an individual delegated by TORRAY's Chief Compliance Officer ("CCO") on an as-needed basis.

B. TORRAY shall ensure that it is the designated party to receive proxy voting materials from companies or intermediaries. Such entities shall be instructed to direct all proxy voting materials to TORRAY's CCO or delegated individual.

C. TORRAY subscribes to the Broadridge Proxy Edge® service. This browser-based proxy voting system automates the physical paper handling and detailed recordkeeping needs of TORRAY's proxy voting function.

D. Proxy Edge® informs TORRAY of when it is required to vote a particular proxy on behalf of its clients. However, TORRAY retains all decision making authority with respect to the voting of client proxies and casts such proxy votes in an electronic format via the Internet over Proxy Edge's® website.

E. TORRAY's CCO or delegated individual will provide all proxy solicitation information and materials to the appropriate investment personnel of TORRAY (i.e., portfolio managers, analysts, etc.) for their review and consideration.

F. In general, TORRAY shall support management if management's position appears reasonable and is not detrimental to the long-term equity ownership of the corporation. This procedure should not be interpreted as a predetermined policy to vote in favor of the management of companies held in client portfolios. As noted by the SEC in Advisers Act Release No. 2106, the fiduciary duty that TORRAY owes its clients prohibits the adoption of a policy to enter default proxy votes in favor of management. Thus, TORRAY shall review all client proxies in accordance with the general principles outlined above.

G. If TORRAY finds that, for a particular security, management's position on resolutions cannot be supported consistently, TORRAY shall review the quality of management and the projected future expectations of the issuer to determine whether TORRAY should sell its equity interest in such company.

H. TORRAY's investment personnel shall be responsible for making voting decisions with respect to all client proxies. Such decisions shall then be forwarded to TORRAY's CCO or delegated individual, who will then ensure that such proxy votes are submitted in a timely manner.

I. TORRAY's CCO may delegate the actual voting of client proxies to any of TORRAY's employees who are familiar with Broadridge's Proxy Edge® service.

J. TORRAY is not required to vote every client proxy and refraining from voting should not be construed as a violation of TORRAY's fiduciary obligations. TORRAY shall at no time ignore or neglect its proxy voting responsibilities. However, there may be times when refraining from voting is in the client's best interest, such as when an adviser's analysis of a particular client proxy reveals that the cost of voting the proxy may exceed the expected benefit to the client (e.g., casting a vote on a foreign security may require that the adviser engage a translator or travel to a foreign country to vote in person). Such position also complies with Interpretive Bulletin 94-2 of the DOL.

K. TORRAY's CFO shall be responsible for conducting the proxy voting cost-benefit analysis in those certain situations in which TORRAY believes it may be in its clients' best interest for TORRAY not to vote a particular proxy. TORRAY's CCO shall maintain documentation of any cost-benefit analysis with respect to client proxies that are not voted by TORRAY.

L. TORRAY's CCO will report any attempts by any of TORRAY personnel to influence the voting of client proxies in a manner that is inconsistent with TORRAY's Policy. Such report shall be made to TORRAY's President, or if the President is the person attempting to influence the voting, then to the TORRAY's outside counsel.

MATERIAL CONFLICTS OF INTEREST

A. *General:* As noted previously, TORRAY will vote its clients' proxies in the best interest of its clients and not its own. In voting client proxies, TORRAY shall avoid material conflicts of interest between the interests of TORRAY on the one hand and the interests of its clients on the other.

B. *Potential Material Conflicts of Interest:* TORRAY is aware of the following potential material conflicts that could affect TORRAY's proxy voting process in the future. It should be noted that these potential conflicts have been listed for informational purposes only and do not include all of the potential conflicts of interest that an adviser might face in voting client proxies. TORRAY acknowledges that the existence of a relationship of the types discussed below, even in the absence of any active efforts to solicit or influence TORRAY with respect to a proxy vote related to such relationship, is sufficient for a material conflict to exist.

- ***Example Conflict No. 1:*** A client of TORRAY is affiliated with an issuer that is held in TORRAY's client portfolios. For example, XYZ's pension fund may engage TORRAY to manage its assets. XYZ is a public company and TORRAY's clients hold shares of XYZ. This type of relationship may influence TORRAY to vote with management on proxies to gain favor with management. Such favor may influence XYZ's decision to continue to engage TORRAY.

- ***Example Conflict No. 2:*** A client of TORRAY is an officer or director of an issuer that is held in TORRAY's client portfolios. Similar conflicts of interest exist in this relationship as discussed above in Example Conflict No. 1.

- ***Example Conflict No. 3:*** TORRAY's employees maintain a personal and/or business relationship (not an advisory relationship) with issuers or individuals that serve as officers or directors of issuers. For example, the spouse of a TORRAY employee may be a high-level executive of an issuer that is held in TORRAY's Funds. The spouse could attempt to influence TORRAY to vote in favor of management.

C. Determining the Materiality of Conflicts of Interest: Determinations as to whether a conflict of interest is material will be made after internal discussion among members of a committee that will include, at a minimum, TORRAY's President and CCO. Where the President, CCO or any other member of the committee has a direct connection to the conflict in question, that person will be recused from the materiality discussion. Among the factors to be considered in determining the materiality of a conflict include whether the relevant client relationship accounts for a significant percentage of TORRAY's annual revenues, or the percentage of TORRAY's assets that is invested with a particular issuer. Materiality determinations are fact based, and will depend on the details of a particular situation. Whether a particular conflict of interest is deemed material will be based on the likelihood that the conflict might cause a proxy to be voted in a manner that was not in the best interests of TORRAY's clients. All materiality deliberations will be memorialized in writing by the committee.

If the committee determines that the conflict in question is not material, TORRAY will vote the proxy in accordance with the policies stated herein. If a conflict is judged material, TORRAY will obtain the informed consent of the affected clients as to the fact that a material conflict exists in voting the client's proxy in the manner favored by TORRAY. If obtaining such consent from any client is impracticable or undesirable, TORRAY shall engage Institutional Shareholder Services ("ISS"), an independent proxy voting advisory and research firm, and vote the client(s) proxy in accordance with the published recommendation of ISS. Any vote recommended by ISS is binding and may not be overridden by TORRAY.

RECORDKEEPING

A. *General:* In accordance with Rule 204-2(c)(2) under the Advisers Act, TORRAY shall maintain the following documents in an easily accessible place for five years, the first two in an appropriate office of TORRAY:

- Proxy voting policies and procedures;
- Proxy statements received regarding client securities;
- Records of votes cast on behalf of clients;
- Records of client requests for proxy voting information; and
- Any documents prepared by TORRAY that were material to making a decision how to vote, or that memorialized the basis for the decision.

In lieu of maintaining its own copies of proxy statements as noted above, TORRAY may rely on proxy statements filed on the SEC's EDGAR system (See). Additionally, TORRAY may rely on proxy statements and records of proxy votes cast by TORRAY that are maintained with a third party, such as Broadridge.

All proxy votes will be recorded with Broadridge, or if Broadridge does not hold the information, on the *Proxy Voting Record* or in another suitable place. In either case, the following information will be maintained:

- The name of the issuer of the portfolio security;
- The exchange ticker symbol of the portfolio security;
- The Council on Uniform Securities Identification Procedures ("CUSIP") number for the portfolio security;
- The shareholder meeting date;
- The number of shares TORRAY is voting on a firm-wide basis;
- A brief identification of the matter voted on;
- Whether the matter was proposed by the issuer or by a security holder;
- Whether or not TORRAY cast its votes on the matter;
- How TORRAY cast its vote (e.g., for or against proposal, or abstain; for or withhold regarding election of directors);
- Whether TORRAY cast its vote with or against management; and
- Whether any client requested an alternative vote on its proxy.

B. *Conflicting Votes:* In the event that TORRAY votes the same proxy in two directions, it shall maintain documentation to support its voting (this may occur if a client requires TORRAY to vote a certain way on an issue, while TORRAY deems it beneficial to vote in the opposite direction for its other clients) in the permanent file.

C. *Client Request to Review Votes:* Any request, whether written (including e-mail) or oral, received by any of TORRAY's employees, must be promptly reported to TORRAY's CCO. All written requests must be retained in TORRAY's proxy voting file. The following additional procedures shall be followed with respect to a client request to review proxy voting information:

TORRAY's CCO shall record the identity of the client, the date of the request, and the disposition (e.g., provided a written or oral response to client's request, referred to third party, not a proxy voting client, other dispositions, etc.) on the document included at Exhibit B entitled *Client Requests for Proxy Information* or in another suitable place.

TORRAY shall provide the information requested, free of charge, to the client within a reasonable time period (no more than 10 business days) for their review. A copy of the information sent to the client will be maintained in the permanent file.

Clients are permitted to request, and TORRAY is required to distribute, the proxy voting record for such client for the five (5) year period prior to their request.

Transamerica Asset Management, Inc.

Proxy Voting Policies and Procedures ("TAM Proxy Policy")

I. PURPOSE

The TAM Proxy Policy is adopted in accordance with Rule 206(4)-6 under the Investment Advisers Act of 1940 (the "Advisers Act") and TAM's fiduciary and other duties to its clients. The purpose of the TAM Proxy Policy is to ensure that where TAM exercises proxy voting authority with respect to client securities it does so in the best interests of the client, and that Sub-Advisers (as defined below) to TAM clients exercise voting authority with respect to TAM client securities in accordance with policies and procedures adopted by the Sub-Advisers under Rule 206(4)-6 and approved by the TAM client.

II. TAM'S ADVISORY ACTIVITIES

TAM acts as investment adviser to Transamerica Funds, Transamerica Income Shares, Inc., Transamerica Partners Portfolios, Transamerica Asset Allocation Variable Funds, and Transamerica Series Trust (collectively, the "Funds"). For most of the investment portfolios comprising the Funds, TAM has delegated day-to-day management of the portfolio, including the authority to buy, sell, or hold securities in the portfolio and to exercise proxy voting authority with respect to those securities, to one or more investment sub-advisers, pursuant to sub-advisory agreements entered into between TAM and each sub-adviser (each, a "Sub-Adviser" and collectively, the "Sub-Advisers") and approved by the Board of Trustees/Directors of the client Fund (the "Board"). TAM serves as a "manager of managers" with respect to the Sub-Advisers and monitors their activities in accordance with the terms of an exemptive order granted by the Securities and Exchange Commission (Release No. IC-23379, August 5, 1998).

III. SUMMARY OF THE TAM PROXY POLICY

TAM delegates the responsibility to exercise voting authority with respect to securities held in the Funds' portfolios for which one or more Sub-Advisers has been retained to the Sub-Adviser(s) for each such portfolio, in accordance with each applicable Sub-Adviser Proxy Policy (as defined below). TAM will collect and review each Sub-Adviser Proxy Policy, together with a certification from the Sub-Adviser that the Sub-Adviser Proxy Policy complies with Rule 206(4)-6, and submit these materials to the Board for approval. In the event that TAM is called upon to exercise voting authority with respect to client securities, TAM generally will vote in accordance with the recommendation of Glass, Lewis & Co., LLC. ("Glass Lewis") or another qualified independent third party, except that if TAM believes the recommendation would not be in the best interest of the relevant portfolio and its shareholders, TAM will consult the Board of the relevant Fund (or a Committee of the Board) and vote in accordance with instructions from the Board or Committee.

IV. Delegation of Proxy Voting Authority to Sub-Advisers

TAM delegates to each Sub-Adviser the responsibility to exercise voting authority with respect to securities held by the portfolio(s), or portion thereof, managed by the Sub-Adviser. Each Sub-Adviser is responsible for monitoring, evaluating and voting on all proxy matters with regard to investments the Sub-Adviser manages for the Funds in accordance with the Sub-Adviser's proxy voting policies and procedures adopted to comply with Rule 206(4)-6 (each, a "Sub-Adviser Proxy Policy" and collectively, the "Sub-Adviser Proxy Policies").

V. ADMINISTRATION, REVIEW AND SUBMISSION TO BOARD OF SUB-ADVISER PROXY POLICIES

A. Appointment of Proxy Administrator

TAM will appoint an officer to be responsible for collecting and reviewing the Sub-Adviser Proxy Policies and carrying out the other duties set forth herein (the "Proxy Administrator").

B. Initial Review

1. The Proxy Administrator will collect from each Sub-Adviser:

a) its Sub-Adviser Proxy Policy;

b) a certification from the Sub-Adviser that (i) its Sub-Adviser Proxy Policy is reasonably designed to ensure that the Sub-Adviser votes client securities in the best interest of clients, and that the Sub-Adviser Proxy Policy includes an explanation of how the Sub-Adviser addresses material conflicts that may arise between the Sub-Adviser's interests and those of its clients, (ii) the Sub-Adviser Proxy Policy has been adopted in accordance with Rule 206(4)-6, and (iii) the Sub-Adviser Proxy Policy complies the terms of Rule 206(4)-6; and

c) a summary of the Sub-Adviser Proxy Policy suitable for inclusion in the client Fund's registration statement, in compliance with Item 13(f) of Form N-1A, and a certification to that effect.

2. The Proxy Administrator will review each Sub-Adviser Proxy Policy with a view to TAM making a recommendation to the Board. In conducting its review, TAM recognizes that the Securities and Exchange Commission has not adopted specific policies or procedures for

[1] A firm's advisory affiliates are defined in this Policy to include: 1) all officers, partners, directors (or any person performing similar functions); 2) all persons directly or indirectly controlling or controlled by the adviser; and 3) all current employees.

advisers, or provided a list of approved procedures, but has left advisers the flexibility to craft policies and procedures suitable to their business and the nature of the conflicts they may face. As a consequence, Sub-Adviser Proxy Policies are likely to differ widely. Accordingly, the Proxy Administrator's review of the Sub-Adviser Proxy Policies will be limited to addressing the following matters:

a) whether the Sub-Adviser Proxy Policy provides that the Sub-Adviser votes solely in the best interests of clients;

b) whether the Sub-Adviser Proxy Policy includes a description of how the Sub-Adviser addresses material conflicts of interest that may arise between the Sub-Adviser or its affiliates and its clients; and

c) whether the Sub-Adviser Proxy Policy includes both general policies and procedures as well as policies with respect to specific types of issues (for this purpose general policies include any delegation to a third party, policies relating to matters that may substantially affect the rights or privileges of security holders, and policies regarding the extent of weight given to the view of the portfolio company management; specific issues include corporate governance matters, changes to capital structure, stock option plans and other management compensation issues, and social corporate responsibility issues, among others).

3. The Proxy Administrator will review the certification provided pursuant to paragraph 1(b) above for completeness, and will review the summary provided pursuant to paragraph 1(c) above for compliance with the requirements of Form N-1A.

4. TAM will provide to the Board (or a Board Committee), the materials referred to in Section V.B.1. and a recommendation pursuant to the Proxy Administrator's review of the Sub-Adviser Proxy Policy provided for in Section V.B.2.

5. TAM will follow the same procedure in connection with the engagement of any new Sub-Adviser.

C. Subsequent Review

TAM will request that each Sub-Adviser provide TAM with prompt notice of any material change in its Sub-Adviser Proxy Policy. TAM will report any such changes at the next quarterly Board meeting of the applicable Fund. No less frequently than once each calendar year, TAM will request that each Sub-Adviser provide TAM with its current Sub-Adviser Proxy Policy, or certify that there have been no material changes to its Sub-Adviser Proxy Policy or that all material changes have been previously provided for review by TAM and approval by the relevant Board(s), and that the Sub-Adviser Proxy Policy continues to comply with Rule 206(4)-6.

D. Record of Proxy Votes Exercised by Sub-Adviser

The Proxy Administrator, or a third party as permitted by regulations issued by the Securities and Exchange Commission (such as Glass Lewis), will maintain a record of any proxy votes (including the information called for in Items 1(a) through (i) of Form N-PX) exercised by the Sub-Adviser on behalf of a portfolio of the Funds. The Proxy Administrator, or a third party as permitted by regulations issued by the Securities and Exchange Commission (such as Glass Lewis), will maintain a complete proxy voting record with respect to each Fund. If TAM utilizes the services of a third party for maintaining the records above specified, TAM shall obtain an undertaking from the third party that it will provide the records promptly upon request.

VI. TAM EXERCISE OF PROXY VOTING AUTHORITY

A. Use of Independent Third Party

If TAM is called upon to exercise voting authority on behalf of a Fund client, TAM will vote in accordance with the recommendations of Glass Lewis or another qualified independent third party (the "Independent Third Party"), provided that TAM agrees that the voting recommendation issued by the Independent Third Party reflects the best interests of the relevant portfolio and its shareholders.

B. Conflict with View of Independent Third Party

If, in its review of the Independent Third Party recommendation, TAM believes that the recommendation is not in the best interests of the Fund client, TAM will submit to the Board (or a Board Committee) its reasons for disagreeing with the Independent Third Party, as well as full disclosure of any conflict of interest between TAM or its affiliates and the Fund in connection with the vote, and seek consent of the Board (or Committee) with respect to TAM's proposed vote.

C. Asset Allocation Portfolios

For any asset allocation portfolio managed by TAM and operated, in whole or in part, as a "fund of funds", TAM will vote proxies in accordance with the recommendations of the Board(s) of the Fund(s). If any such asset allocation portfolio holds shares of a registered investment company that is not a portfolio of a Fund, TAM will seek Board (or Committee) consent with respect to TAM's proposed vote in accordance with the provisions of Section VI.B.

VII. CONFLICTS OF INTEREST BETWEEN TAM OR ITS AFFILIATES AND THE FUNDS

The TAM Proxy Voting Policy addresses material conflicts that may arise between TAM or its affiliates and the Funds by, in every case where TAM exercises voting discretion, either (i) providing for voting in accordance with the recommendation of the Independent Third Party or Board(s); or (ii) obtaining the consent of the Board (or a Board Committee) with full disclosure of the conflict.

VIII. RECORDKEEPING

A. Records Generally Maintained

In accordance with Rule 204-2(c)(2) under the Advisers Act, the Proxy Administrator shall cause TAM to maintain the following records:

1. the TAM Proxy Voting Policy; and
2. records of Fund client requests for TAM proxy voting information.

B. Records for TAM Exercise of Proxy Voting Authority

In accordance with Rule 204-2(c)(2) under the Advisers Act, if TAM exercises proxy voting authority pursuant to Section VI above, TAM, or a third party as permitted by regulations issued by the Securities and Exchange Commission (such as ISS), shall make and maintain the following records:

1. proxy statements received regarding matters it has voted on behalf of Fund clients;
2. records of votes cast by TAM; and
3. copies of any documents created by TAM that were material to deciding how to vote proxies on behalf of Fund clients or that memorialize the basis for such a decision.

If TAM utilizes the services of a third party for maintaining the records above specified, TAM shall obtain an undertaking from the third party that it will provide the records promptly upon request.

C. Records Pertaining to Sub-Adviser Proxy Policies

The Proxy Administrator will cause TAM and/or a third party as permitted by regulations issued by the Securities and Exchange Commission (such as ISS), to maintain the following records:

1. each Sub-Adviser Proxy Policy; and
2. the materials delineated in Article V above.

If TAM utilizes the services of a third party for maintaining the records above specified, TAM shall obtain an undertaking from the third party that it will provide the records promptly upon request.

D. Time Periods for Record Retention

All books and records required to maintain under this Section VIII will be maintained in an easily accessible place for a period of not less than five years from the end of the fiscal year during which the last entry was made on the record, the first two years in an appropriate office of TAM.

IX. PROVISION OF TAM PROXY POLICY TO FUND CLIENTS

The Proxy Administrator will provide each Fund's Board (or a Board Committee) a copy of the TAM Proxy Policy at least once each calendar year.

Last Revised: July 1, 2012

Thompson, Siegel & Walmsley LLC

Proxy Voting Policy

Thompson, Siegel & Walmsley LLC (TS&W) acknowledges it has a fiduciary obligation to its clients that requires it to monitor corporate events and vote client proxies. TS&W has adopted and implemented written policies and procedures reasonably designed to ensure that proxies for domestic and foreign stock holdings are voted in the best interest of our clients on a best efforts basis. TS&W recognizes that it (i) has a fiduciary responsibility under the Employee Retirement Income Securities Act (ERISA) to vote proxies prudently and solely in the best interest of plan participants and beneficiaries (ii) will vote stock proxies in the best interest of the client (non-ERISA) when directed (together, our "clients"). TS&W has developed its policy to be consistent with, wherever possible, enhancing long-term shareholder value and leading corporate governance practices. TS&W has retained the services of Institutional Shareholder Services (ISS). ISS is a Registered Investment Adviser under the Investment Advisers Act of 1940. As a leading provider of proxy voting and corporate governance services with 20+ years of experience, ISS serves more than 1,700 institutions. ISS's core business is to analyze proxies and issue informed research and objective vote recommendations for more than 38,000 companies across 115 markets worldwide. ISS provides TS&W proxy proposal research and voting recommendations and votes accounts on TS&W's behalf under the guidance of ISS's standard voting guidelines which include:

- Operational Issues
- Corporate Responsibility
- Board of Directors
- Consumer Issues and Public Safety
- Proxy Contests
- Environment and Energy
- Anti-takeover Defenses and Voting Related Issues

- General Corporate Issues
- Mergers and Corporate Restructurings
- Labor Standards and Human Rights
- State of Incorporation
- Military Business
- Capital Structure
- Workplace Diversity
- Executive & Director Compensation
- Mutual Fund Proxies
- Equity Compensation Plans
- Specific Treatment of Certain Award Types in Equity Plan Evaluations
- Other Compensation Proposals & Policies
- Shareholder Proposals on Compensation

TS&W's proxy coordinator is responsible for monitoring ISS's voting procedures on an ongoing basis. TS&W's general policy regarding the voting of proxies is as follows:

PROXY VOTING GUIDELINES:

Routine and/or non-controversial, general corporate governance issues are normally voted with management; this would include the Approval of Independent Auditors.

Occasionally, ISS may vote against management's proposal on a particular issue; such issues would generally be those deemed likely to reduce shareholder control over management, entrench management at the expense of shareholders, or in some way diminish shareholders' present or future value. From time to time TS&W will receive and act upon the client's specific instructions regarding proxy proposals. TS&W reserves the right to vote against any proposals motivated by political, ethical or social concerns. TS&W and ISS will examine each issue solely from an economic perspective.

A complete summary of ISS's voting guidelines, domestic & foreign, are available at: http://www.issgovernance.com/policy.

CONFLICTS OF INTEREST:

Occasions may arise during the voting process in which the best interests of the clients conflicts with TS&W's interests. Conflicts of interest generally include (i) business relationships where TS&W has a substantial business relationship with, or is actively soliciting business from, a company soliciting proxies (ii) personal or family relationships whereby an employee of TS&W has a family member or other personal relationship that is affiliated with a company soliciting proxies, such as a spouse who serves as a director of a public company. A conflict could also exist if a substantial business relationship exists with a proponent or opponent of a particular initiative. If TS&W determines that a material conflict of interest exists, TS&W will instruct ISS to vote using ISS's standard policy guidelines which are derived independently from TS&W.

PROXY VOTING PROCESS:

Upon timely receipt of proxy materials, ISS will automatically release vote instructions on client's behalf as soon as custom research is completed. TS&W retains authority to override the votes (before cut-off date) if they disagree with the vote recommendation.

The Proxy Coordinator will monitor the voting process at ISS via Proxy Exchange website (ISS's online voting and research platform). Records of which accounts are voted, how accounts are voted, and how many shares are voted are kept electronically with ISS.

For proxies not received at ISS, TS&W and ISS will make a best efforts attempt to receive ballots from the clients' custodian.

TS&W will be responsible for account maintenance – opening and closing of accounts, transmission of holdings and account environment monitoring.

Associate Portfolio Manager (proxy oversight representative) will keep abreast of any critical or exceptional events or events qualifying as a conflict of interest via ISS Proxy Exchange website and email. TS&W has the ability to override vote instructions, and the Associate Portfolio Manager will consult with TS&W's Investment Policy Committee or product managers in these types of situations.

All proxies are voted solely in the best interest of clients.

Proactive communication takes place via regular meetings with ISS's Client Relations Team.

PRACTICAL LIMITATIONS RELATING TO PROXY VOTING:

While TS&W uses its best efforts to vote proxies, in certain circumstances it may be impractical or impossible for TS&W to do so. Identifiable circumstances include:

Limited Value: TS&W may abstain from voting in those circumstances where it has concluded to do so would have no identifiable economic benefit to the client-shareholder.

Unjustifiable Cost: TS&W may abstain from voting when the costs of or disadvantages resulting from voting, in TS&W's judgment, outweigh the economic benefits of voting.

Securities Lending: Certain of TS&W's clients engage in securities lending programs under which shares of an issuer could be on loan while that issuer is conducting a proxy solicitation. As part of the securities lending program, if the securities are on loan at the record date, the client lending the security cannot vote that proxy. Because TS&W generally is not aware of when a security may be on loan, it does not have an opportunity to recall the security prior to the record date. Therefore, in most cases, those shares will not be voted and TS&W may not be able fully to reconcile the securities held at record date with the securities actually voted.

Failure to Receive Proxy Statements: TS&W may not be able to vote proxies in connection with certain holdings, most frequently for foreign securities, if it does not receive the account's proxy statement in time to vote the proxy.

PROXY VOTING RECORDS & REPORTS:

The proxy information is maintained by ISS on TS&W's behalf and includes the following: (i) name of the issuer, (ii) the exchange ticker symbol, (iii) the CUSIP number, (iv) the shareholder meeting date, (v) a brief description of the matter brought to vote; (vi) whether the proposal was submitted by management or a shareholder, (vii) how the proxy was voted (for, against, abstained), (viii) whether the proxy was voted for or against management, and (ix) documentation materials to make the decision. TS&W's Proxy Coordinator coordinates retrieval and report production as required or requested.

Clients will be notified annually of their ability to request a copy of our proxy policies and procedures. A copy of how TS&W voted on securities held is available free of charge upon request from our clients or by calling us toll free at (800) 697-1056.

Voya Investment Management Co. LLC

Proxy Voting Policies and Procedures

Effective as of December 13, 2012

Introduction:

ING U.S. Investment Management ("ING US IM") believes that proxies must be voted in the best interest of our clients. The ING US IM Proxy Voting Guidelines ("Guidelines") summarize various issues of concern to investors, and give a general indication of how ING US IM will vote a client's portfolio securities on proposals dealing with particular issues.

These Guidelines:

- cover only accounts managed by ING US IM for which the client has delegated voting authority to ING US IM;
- reflect the usual voting position on certain recurring proxy issues;
- are not expected to involve unusual circumstances;
- may not anticipate every proposal that will appear before all accounts managed by ING US IM;
- are subject to change as issues arise; and,
- should not be construed as binding.

While ING US IM typically looks to vote proxies similarly across managed accounts for which it has voting authority, we may, when agreed upon in writing, vote proxies for certain clients in accordance with the client's own proxy voting policy (e.g., clients wishing to accord a heightened focus to environmental, social, and corporate governance issues).

Responsibility of Investment Manager to Vote Proxies:

ING US IM has delegated certain administrative duties with respect to voting proxies to Institutional Shareholder Services Inc., an indirect, wholly-owned subsidiary of MSCI Inc. ("ISS"). ISS is an independent adviser that specializes in providing a variety of fiduciary-level proxy related services to institutional investment managers, plan sponsors, custodians, consultants, and other institutional investors. The services provided include in-depth research, global issuer analysis, and voter recommendations. While ING US IM may review and utilize the recommendations of ISS in making proxy voting decisions, we are in no way obligated to follow such recommendations. In addition to research, ISS provides vote execution, reporting, and recordkeeping services.

Adviser Procedures:

ING US IM has a Proxy Team, led by the Proxy Manager, which includes the ING Funds Proxy Coordinator team ("Proxy Coordinator"). The Proxy Team is responsible for oversight of ISS and the ING US IM proxy voting process. The Proxy Team works with ING US IM's Middle Office, Back Office, and Senior Loan Operation Teams to ensure proper set-up and maintenance of all accounts with ISS. Responsibilities assigned to the Proxy Manager under these Guidelines may be performed by the Proxy Coordinator as deemed appropriate by the Proxy Manager.

ING US IM has a Proxy Committee whose primary responsibility is to ensure that proxies are voted consistent with firm policies. In so doing, the Proxy Committee reviews and evaluates the firm's proxy policy, oversees the implementation of the policy and Guidelines, and resolves ad hoc issues that may arise. The Proxy Committee shall conduct its activities in accordance with its charter.

Procedural Items:

1. Voting Practices – Unless otherwise noted in these Guidelines, best efforts will be used to vote proxies in all instances. However, in addition to certain provisions described below, ING US IM may determine not to vote proxies under certain circumstances including, but not limited to, the following: (1) if the economic effect on a client's interests or the value of the portfolio holding is indeterminable or insignificant, e.g., proxies in connection with fractional shares or securities no longer held in a client portfolio, or proxies being considered on behalf of an account that has been liquidated or is otherwise no longer in existence; (2) if the expenditure of resources required to vote the proxy outweighs the benefits, e.g., certain international proxies for which meeting- or market-specific restrictions are imposed or documentation is required (e.g., Powers of Attorney or share blocking practices that may impose trading restrictions (see item 5, below)); or (3) if ballots cannot be procured by ISS in time to execute the vote by the stated deadline, e.g., certain international proxies with early voting deadlines.

2. Securities Lending – When an account participates in the lending of its securities and the securities are on loan at record date, proxies related to such securities will not be forwarded to ISS by the account's custodian and therefore will not be voted.

3. Conflicts of Interest – ING US IM shall establish and maintain procedures to identify and address conflicts that may arise from time to time, including those concerning ISS or its affiliates (each, a "Potential ISS Conflict") and ING US IM or its affiliates, ING US IM clients, top counterparties used by ING US IM to execute equity trades on behalf of ING US IM clients, and/or key vendors of ING US IM (each, a "Potential ING US IM Conflict").

a. Potential ISS Conflicts. The Proxy Manager, through the Proxy Coordinator, has adopted annual and periodic assessment procedures in which actions are taken to (1) reasonably ensure ISS' independence, competence, and impartiality and (2) identify and address conflicts that may arise from time to time concerning ISS or its affiliates. The procedures includes comprehensive due diligence regarding policies, practices, and activities of ISS and its affiliates as well as specific analysis of ISS' services on behalf of ING US IM and its clients.

b. Potential ING US IM Conflicts. The Proxy Team maintains a Potential Proxy Conflicts List, which it uses to screen for Potential ING US IM Conflicts whenever the Proxy Committee considers voting contrary to the Guidelines (see item 3, below).

4. Investment Team Input – Members of the Investment Team (defined for purposes of these Guidelines to include ING US IM Equity Portfolio Managers, Equity Research Analysts, and Traders) may submit recommendations to the Proxy Committee, through the Proxy Manager, regarding the voting of proxies related to the portfolio securities over which they have day-to-day portfolio management responsibility. Input from the relevant member of the Investment Team will be given consideration in the determination of how the proxy will be voted.

If a member of the Investment Team wishes to diverge from the Guidelines, the request shall be sent to the Proxy Manager for review and action. Before acting on any Investment Team input, the Proxy Manager shall first determine whether a Potential ING US IM Conflict is present and whether the security is held by more than one Portfolio Manager.

a. If the Proxy Manager determines that a Potential ING US IM Conflict is present, the Proxy Manager will follow the course noted in 4.d., below.

b. If the Proxy Manager determines that no Potential ING US IM Conflict is present and the security is held by only one Portfolio Manager, the Proxy Manager shall inform the Proxy Committee of the request but may instruct the Proxy Team to execute the vote as requested, provided that no member of the Proxy Committee asks that a meeting be called to further consider the vote.

c. If the Proxy Manager determines that no Potential ING US IM Conflict is present and more than one Portfolio Manager holds the security, the Proxy Manager will consult with the other relevant member(s) of the Investment Team on the voting matter. If all members of the Investment Team concur, the Proxy Manager will follow the course noted in 4.b., above. If all members of the Investment Team do not concur, the Proxy Manager will follow the course noted in 4.d., below.

d. When required to resolve a Potential ING US IM Conflict or consider multiple views from members of the Investment Team, the Proxy Manager will call a meeting of the Proxy Committee. The Proxy Committee will consider the matter and vote on the best course of action. Additional insight may be provided to the Proxy Committee from internal analysts who cover the security. The Proxy Manager shall use best efforts to convene the Proxy Committee with respect to all matters requiring its consideration. In the event quorum requirements cannot be timely met in connection with a voting deadline, the Proxy Manager shall execute the vote in accordance with the Guidelines.

A record shall be maintained regarding any determination to vote contrary to the Guidelines, including those where a Potential ING US IM Conflict is present, referencing the member(s) of the Investment Team requesting the vote and their rationale for it.

5. Share-blocking Countries – ING US IM does not generally vote proxies in countries which impose share-blocking or for which custodians may impose share-blocking. ING US IM may vote proxies in share-blocking countries if the proxy is listed as non share-blocking by ISS.

6. Auto-release of Proxy Votes – Accounts at ISS are set up to auto-release votes as timely as practical except in share-blocking countries, which are never auto released. Certain considerations, such as conflicts of interest or Investment Team input, may require manual intervention on the Proxy Team's part to adjust a voting instruction.

7. Unverified Accounts – From time to time, ballots may be posted by ISS to accounts designated as ING US IM accounts but not yet verified as such. ING US IM will cease voting activity for any account for which it has been verified ING US IM has not been given voting authority. Treatment of ballots during the verification process will generally be tailored to operational considerations of the business line to which the account is related:

a. Wrap business. The wrap business is subject to ongoing service provider turnover, which typically occurs without prior notification to ING US IM and may result in a high level of new account generation related to ballots being redirected from existing accounts to new ones. As such, the voting of unverified wrap accounts is an accepted industry practice, and ING US IM will generally vote ballots received for unverified accounts in the wrap business line during the account verification process.

b. Institutional business. ING US IM generally has prior notification of client or service provider changes that may impact voting accounts in the institutional line of business. Unverified accounts are more likely to be generated due to operational errors. Accordingly, ballots for unverified accounts in the institutional line of business will generally not be voted unless the account has been verified.

How ING US IM Votes Proxies:

Except where ING US IM has agreed to implement a client-specific proxy voting policy, the proxies received by accounts managed by ING US IM are generally voted using the ISS Benchmark Policy, which is designed to assist in the informed exercise of proxy voting worldwide, taking into account the differing legal, political, and economic systems existing in each country. Core to the development of the proxy voting guidelines are key theoretical underpinnings that include: enhancing shareholder value, mitigating risk, ensuring accountability of directors to shareholders, providing checks and balances, and promoting transparency and engagement. The application of these guidelines varies for different markets, with the basic principles of governance remaining evident in each region's policies. An understanding of local market structures and practices is essential for making informed voting decisions. The exercise of an institution's proxy voting rights is a key component in protecting the shareholder franchise. Below is a summary of the guidelines used in the ISS Benchmark Policy.

1. Audit Items:

- ISS will generally recommend a vote FOR proposals to ratify auditors unless:

  a. An auditor has a financial interest in or association with the company, and is therefore not independent

  b. There is reason to believe that the independent auditor has rendered an opinion which is neither accurate nor indicative of the company's financial position; or

  c. Poor accounting practices are identified that rise to a serious level of concern or fees for non-audit services are excessive.

- ISS will recommend votes case-by-case as to shareholder proposals asking companies to prohibit or limit their auditors from engaging in non-audit services. Non–audit fees are generally deemed excessive if they exceed audit fees plus audit related fees plus tax compliance/preparation fees.

- ISS will recommend votes case-by-case as to shareholder proposals asking for audit firm rotation, taking into account: the tenure of the audit firm; the length of rotation specified in the proposal; any significant audit-related issues at the company; the number of Audit Committee meetings held each year; the number of financial experts serving on the Audit Committee; and whether the company has a periodic renewal process where the auditor is evaluated for both audit quality and competitive price.

2. Board of Directors:

- ISS will generally recommend withholding support from non-independent directors if:

  a. The inside or affiliated director serves on any of the three key committees: audit, compensation, or nominating;

  b. The company lacks an audit, compensation, or nominating committee so that the full board functions as that committee;

c. The company lacks a formal nominating committee, even if the board attests that the independent directors fulfill the functions of such a committee; or

d. The full board is comprised of less than a majority of independent directors.

The ISS Benchmark Policy incorporates standards for board independence which are more stringent than listing standards.

- ISS will generally recommend withholding support from continuing directors if there are problematic takeover defenses, problematic audit- related practices, problematic compensation practices, or governance failures.
- ISS may recommend withholding support from continuing directors at companies with sustained poor performance relative to peers and problematic governance provisions.
- ISS will generally recommend withholding support from continuing directors when the board is not responsive to shareholders.
- ISS will generally recommend withholding support from continuing directors for attendance issues and overboarding.
- ISS will generally recommend a vote FOR proposals for majority threshold voting requirements.
- ISS' recommendations allow for lead director and countervailing governance structure in lieu of separation of CEO and chairman roles.
- ISS generally does not recommend withholding support from a CEO director unless the CEO director serves on more than 3 boards. ISS generally does not recommend withholding support from a non-CEO director unless the director serves on more than 6 boards.

3. Proxy Contests:

- ISS' recommendations as to voting for director nominees in contested elections are made on a case-by-case basis considering the following factors:

  a. Long term financial performance of the target company relative to its industry;

  b. Management's track record;

  c. Background to the proxy contest;

  d. Qualifications of director nominees (both slates);

  e. Strategic plan of dissident slate;

  f. Quality of critique against management;

  g. Likelihood that the proposed goals and objectives can be achieved (both slates); and

  h. Stock ownership positions.

- ISS' recommendations are made on a case-by-case basis on proposals to reimburse proxy solicitation expenses. When voting in conjunction with support of a dissident slate, ISS generally recommends a vote FOR the reimbursement of all appropriate proxy solicitation expenses associated with the election.
- ISS will generally recommend a vote FOR shareholder proposals calling for the reimbursement of reasonable costs incurred in connection with nominating one or more candidates in a contested election where the following apply:

  a. The election of fewer than 50 percent of the directors to be elected is contested in the election;

  b. One or more of the dissident's candidates is elected;

  c. Shareholders are not permitted to cumulate their votes for directors; and

  d. The election occurred, and the expenses were incurred, after the adoption of this bylaw.

4. Anti-takeover Defenses and Voting Related Issues:

- ISS will make a vote recommendation on a case-by-case basis, giving support to proposals that allow shareholders to submit proposals/nominations reasonably close to the meeting date and within the broadest window possible, recognizing the need to allow sufficient notice for company, regulatory and shareholder review. In general, ISS is generally supportive of additional efforts by companies to ensure full disclosure in regard to a proponent's economic and voting position in the company so long as the information requirements are reasonable and aimed at providing shareholders with the necessary information to review such proposal.
- ISS will generally recommend a vote FOR shareholder proposals requesting that the company submit its poison pill to a shareholder vote unless the company has a shareholder approved poison pill in place or the company has adopted a policy concerning the adoption of a pill in the future specifying that the board will only adopt a shareholder rights plan if either shareholders have approved the adoption of the plan or the board determines that it is in the best interest of shareholders to adopt the pill without delay. A poison pill adopted only by the board would be put to a shareholder ratification vote within 12 months of adoption or expire.

- ISS will generally make a vote recommendation on a case-by-case basis on management proposals on poison pill ratification, focusing on the features of the shareholder rights plan. The ISS Benchmark Policy suggests that rights plans should contain the following attributes:

  a. No lower than a 20 percent trigger, flip-in or flip-over;

  b. A term of no more than three years;

  c. No dead-hand, slow-hand, no-hand or similar feature that limits the ability of a future board to redeem the pill; and

  d. Shareholder redemption feature (qualifying offer clause).

- For management proposals to adopt a poison pill for the stated purpose of preserving a company's net operating losses, the following factors should be considered:

  a. The trigger;

  b. The value of the net operating losses;

  c. The term;

  d. Shareholder protection mechanisms; and

  e. Other factors that may be applicable.

- ISS will generally recommend a vote to withhold support from the entire board of directors if the board adopts or renews a poison pill without shareholder approval, does not commit to putting it to a shareholder vote within 12 months of adoption, or reneges on a commitment to put the pill to a vote.

5. Mergers and Corporate Restructurings

- For mergers and acquisitions, the ISS Benchmark Policy is designed to review and evaluate the merits and drawbacks of the proposed transaction, balancing various and countervailing factors including:

  a. Valuation;

  b. Market reaction;

  c. Strategic rationale;

  d. Negotiations and process;

  e. Conflicts of interest; and

  f. Governance

6. State of Incorporation

- The ISS Benchmark Policy will evaluate management or shareholder proposals to change a company's state of incorporation on a case-by-case basis, giving consideration to both financial and corporate governance concerns including:

  a. Reasons for incorporation;

  b. Comparison of company's governance practices and provisions prior to and following the reincorporation; and

  c. Comparison of corporate laws of original state and destination state.

- ISS will generally recommend a vote FOR reincorporation when the economic factors outweigh any neutral or negative governance changes.

7. Capital Structure

- The ISS Benchmark Policy will evaluate on a case-by-case basis proposals to increase the number of shares of common stock or preferred stock authorized for issuance. The Policy is designed to take into account company-specific factors which include, at a minimum, the following:

a. Past Board Performance:

  1. The company's use of authorized shares during the last three years

b. The Current Request:

  1. Disclosure in the proxy statement of the specific purposes of the proposed increase;

  2. Disclosure in the proxy statement of specific and severe risks to shareholders of not approving the request; and

3. The dilutive impact of the request as determined by an allowable increase calculated by ISS (typically 100 percent of existing authorized shares) that reflects the company's need for shares and total shareholder returns.

- ISS will generally recommend a vote FOR proposals to approve increases beyond the allowable cap when a company's shares are in danger of being de-listed or if a company's ability to continue to operate as a going concern is uncertain.
- ISS will generally recommend a vote AGAINST proposals authorizing the creation of new classes of preferred stock with unspecified voting, conversion, dividend distribution, and other rights ("blank check" preferred stock).
- ISS will generally recommend a vote FOR proposals to create "de- clawed" blank check preferred stock (stock that cannot be used as a takeover defense).
- ISS will generally recommend a vote FOR proposals to authorize preferred stock in cases where the company specifies the voting, dividend, conversion, and other rights of such stock and the terms of the preferred stock appear reasonable.
- ISS will generally recommend a vote AGAINST proposals to increase the number of blank check preferred stock authorized for issuance when no shares have been issued or reserved for a specific purpose.
- ISS will generally recommend a vote FOR proposals to increase the number of authorized common shares where the primary purpose of the increase is to issue shares in connection with a transaction on the same ballot that warrants support.
- ISS will generally recommend a vote AGAINST proposals at companies with more than one class of common stock to increase the number of authorized shares of the class of common stock that has superior voting rights.
- ISS will generally recommend a vote AGAINST proposals to increase the number of authorized common shares if a vote for a reverse stock split on the same ballot is warranted despite the fact that the authorized shares would not be reduced proportionally.

8. Executive and Director Compensation:

- ISS will generally recommend a vote AGAINST equity plans if:

  a. Cost of equity plan is excessive;

  b. The company's 3 year equity burn rate is egregious;

  c. Re-pricing is permitted; and

  d. The plan allows for accelerated vesting of awards without an actual change in control.
- ISS will generally recommend a vote AGAINST compensation plans if ISS believes a pay-for-performance disconnect exists.
- ISS will generally recommend withholding support for "egregious" pay practices.
- Advisory Vote on Compensation (MSOP) – ISS considers three key factors that may be critical to long-term shareholder value: 1) Whether there is a significant misalignment between CEO pay and company performance; 2) Whether the company maintains problematic pay practices; and, 3) Whether the board has exhibited persistent poor communication and lack of responsiveness to shareholders.

9. Corporate Social Responsibility Issues:

- ISS will generally evaluate environmental and social issues on a case-by- case basis, evaluating each on an industry by industry basis through a long-term risk mitigation prism in an effort to identify the impact on the firm's immediate economic value as compared to its peers.

10. Global Proxies:

- ING US IM will generally vote in accordance with ISS' global voting policies, which provide for varying regulatory and legal requirements, market practices, and political and economic systems existing in various global markets. ISS' voting policies in connection with proxies of U.S. issuers may also be applied to global proxies when applicable. Unless otherwise provided for herein, it shall generally be the policy of ING US IM to withhold support from global proxy proposals in cases in which ISS recommends so doing because relevant disclosure by the issuer, or the time provided for consideration of such disclosure, is inadequate.

Wellington Management Company, LLP

Global Proxy Voting Guidelines

INTRODUCTION

Upon a client's written request, Wellington Management Company, LLP ("Wellington Management") votes securities that are held in the client's account in response to proxies solicited by the issuers of such securities. Wellington Management established these *Global Proxy Voting Guidelines* to document positions generally taken on common proxy issues voted on behalf of clients.

These guidelines are based on Wellington Management's fiduciary obligation to act in the best economic interest of its clients as shareholders. Hence, Wellington Management examines and votes each proposal so that the long-term effect of the vote will ultimately increase shareholder value for our clients. Because ethical considerations can have an impact on the long-term value of assets, our voting practices are also attentive to these issues and votes will be cast against unlawful and unethical activity. Further, Wellington Management's experience in voting proposals has shown that similar proposals often have different consequences for different companies. Moreover, while these *Global Proxy Voting Guidelines* are written to apply globally, differences in local practice and law make universal application impractical. Therefore, each proposal is evaluated on its merits, taking into account its effects on the specific company in question, and on the company within its industry. It should be noted that the following are guidelines, and not rigid rules, and Wellington Management reserves the right in all cases to vote contrary to guidelines where doing so is judged to represent the best economic interest of its clients.

Following is a list of common proposals and the guidelines on how Wellington Management anticipates voting on these proposals. The "(SP)" after a proposal indicates that the proposal is usually presented as a Shareholder Proposal.

VOTING GUIDELINES

Composition and Role of the Board of Directors

- Election of Directors: Case-by-Case

  We believe that shareholders' ability to elect directors annually is the most important right shareholders have. We generally support management nominees, but will withhold votes from any director who is demonstrated to have acted contrary to the best economic interest of shareholders. We may also withhold votes from directors who failed to implement shareholder proposals that received majority support, implemented dead-hand or no-hand poison pills, or failed to attend at least 75% of scheduled board meetings.

- Classify Board of Directors: Against

  We will also vote in favor of shareholder proposals seeking to declassify boards.

- Adopt Director Tenure/Retirement Age (SP): Against

- Adopt Director & Officer Indemnification: For

  We generally support director and officer indemnification as critical to the attraction and retention of qualified candidates to the board. Such proposals must incorporate the duty of care.

- Allow Special Interest Representation to Board (SP): Against

- Require Board Independence: For

  We believe that, in the absence of a compelling counter-argument or prevailing market norms, at least 65% of a board should be comprised of independent directors, with independence defined by the local market regulatory authority. Our support for this level of independence may include withholding approval for non-independent directors, as well as votes in support of shareholder proposals calling for independence.

- Require Key Board Committees to be Independent. For

  Key board committees are the Nominating, Audit, and Compensation Committees. Exceptions will be made, as above, in respect of local market conventions.

- Require a Separation of Chair and CEO or Require a Lead Director (SP): Case-by-Case

  We will generally support management proposals to separate the Chair and CEO or establish a Lead Director.

- Approve Directors' Fees: For

- Approve Bonuses for Retiring Directors: Case-by-Case

- Elect Supervisory Board/Corporate Assembly: For

- Elect/Establish Board Committee: For

- Adopt Shareholder Access/Majority Vote on Election of Directors (SP): Case-by-Case

  We believe that the election of directors by a majority of votes cast is the appropriate standard for companies to adopt and therefore generally will support those proposals that seek to adopt such a standard. Our support for such proposals will extend typically to situations where the relevant company has an existing resignation policy in place for directors that receive a majority of "withhold" votes. We believe that it is important for majority voting to be defined within the company's charter and not simply within the company's corporate governance policy.

  Generally we will not support proposals that fail to provide for the exceptional use of a plurality standard in the case of contested elections. Further, we will not support proposals that seek to adopt a majority of votes outstanding (i.e., total votes *eligible* to be cast as opposed to actually cast) standard.

Management Compensation

- Adopt/Amend Stock Option Plans: Case-by-Case

- Adopt/Amend Employee Stock Purchase Plans: For
- Approve/Amend Bonus Plans: Case-by-Case

  In the US, Bonus Plans are customarily presented for shareholder approval pursuant to Section 162(m) of the Omnibus Budget Reconciliation Act of 1992 ("OBRA"). OBRA stipulates that certain forms of compensation are not tax-deductible unless approved by shareholders and subject to performance criteria. Because OBRA does not prevent the payment of subject compensation, we generally vote "for" these proposals. Nevertheless, occasionally these proposals are presented in a bundled form seeking 162 (m) approval and approval of a stock option plan. In such cases, failure of the proposal prevents the awards from being granted. We will vote against these proposals where the grant portion of the proposal fails our guidelines for the evaluation of stock option plans.

- Approve Remuneration Policy: Case-by-Case
- To approve compensation packages for named executive Officers: Case-by-Case
- To determine whether the compensation vote will occur every1, 2 or 3 years: 1 Year
- Exchange Underwater Options: Case-by-Case

  We may support value-neutral exchanges in which senior management is ineligible to participate.

- Eliminate or Limit Severance Agreements (Golden Parachutes): Case-by-Case

  We will oppose excessively generous arrangements, but may support agreements structured to encourage management to negotiate in shareholders' best economic interest.

- To approve golden parachute arrangements in connection with certain corporate transactions: Case-by-Case
- Shareholder Approval of Future Severance Agreements Covering Senior Executives (SP): Case-by-Case

  We believe that severance arrangements require special scrutiny, and are generally supportive of proposals that call for shareholder ratification thereof. But, we are also mindful of the board's need for flexibility in recruitment and retention and will therefore oppose limitations on board compensation policy where respect for industry practice and reasonable overall levels of compensation have been demonstrated.

- Expense Future Stock Options (SP): For
- Shareholder Approval of All Stock Option Plans (SP): For
- Disclose All Executive Compensation (SP): For

Reporting of Results

- Approve Financial Statements: For
- Set Dividends and Allocate Profits: For
- Limit Non-Audit Services Provided by Auditors (SP): Case-by-Case

  We follow the guidelines established by the Public Company Accounting Oversight Board regarding permissible levels of non-audit fees payable to auditors.

- Ratify Selection of Auditors and Set Their Fees: Case-by-Case

  We will generally support management's choice of auditors, unless the auditors have demonstrated failure to act in shareholders' best economic interest.

- Elect Statutory Auditors: Case-by-Case
- Shareholder Approval of Auditors (SP): For

Shareholder Voting Rights

- Adopt Cumulative Voting (SP): Against

  We are likely to support cumulative voting proposals at "controlled" companies (i.e., companies with a single majority shareholder), or at companies with two-tiered voting rights.

- Shareholder Rights Plans: Case-by-Case

  Also known as Poison Pills, these plans can enable boards of directors to negotiate higher takeover prices on behalf of shareholders. However, these plans also may be misused to entrench management. The following criteria are used to evaluate both management and shareholder proposals regarding shareholder rights plans.

  We generally support plans that include:

  - Shareholder approval requirement

- Sunset provision
- Permitted bid feature (i.e., bids that are made for all shares and demonstrate evidence of financing must be submitted to a shareholder vote).

Because boards generally have the authority to adopt shareholder rights plans without shareholder approval, we are equally vigilant in our assessment of requests for authorization of blank check preferred shares (see below).

- Authorize Blank Check Preferred Stock: Case-by-Case

  We may support authorization requests that specifically proscribe the use of such shares for anti-takeover purposes.

- Eliminate Right to Call a Special Meeting: Against
- Establish Right to Call a Special Meeting or Lower Ownership Threshold to Call a Special Meeting (SP): Case-by-Case
- Increase Supermajority Vote Requirement: Against

  We likely will support shareholder and management proposals to remove existing supermajority vote requirements.

- Adopt Anti-Greenmail Provision: For
- Adopt Confidential Voting (SP): Case-by-Case

  We require such proposals to include a provision to suspend confidential voting during contested elections so that management is not subject to constraints that do not apply to dissidents.

- Remove Right to Act by Written Consent: Against

Capital Structure

- Increase Authorized Common Stock: Case-by-Case

  We generally support requests for increases up to 100% of the shares currently authorized. Exceptions will be made when the company has clearly articulated a reasonable need for a greater increase. Conversely, at companies trading in less liquid markets, we may impose a lower threshold.

- Approve Merger or Acquisition: Case-by-Case
- Approve Technical Amendments to Charter: Case-by-Case
- Opt Out of State Takeover Statutes: For
- Authorize Share Repurchase: For
- Authorize Trade in Company Stock: For
- Approve Stock Splits: Case-by-Case

  We approve stock splits and reverse stock splits that preserve the level of authorized, but unissued shares.

- Approve Recapitalization/Restructuring: Case-by-Case
- Issue Stock with or without Preemptive Rights: Case-by-Case
- Issue Debt Instruments: Case-by-Case

Environmental and Social Issues

We expect portfolio companies to comply with applicable laws and regulations with regards to environmental and social standards. We evaluate shareholder proposals related to environmental and social issues on a case-by-case basis.

- Disclose Political and PAC Gifts (SP): Case-by-Case
- Report on Sustainability (SP): Case-by-Case

Miscellaneous

- Approve Other Business: Against
- Approve Reincorporation: Case-by-Case
- Approve Third-Party Transactions: Case-by-Case

Dated: March 8, 2012

Global Proxy Policy and Procedures

INTRODUCTION

Wellington Management Company, LLP ("Wellington Management") has adopted and implemented policies and procedures that it believes are reasonably designed to ensure that proxies are voted in the best economic interests of its clients around the world.

Wellington Management's Proxy Voting Guidelines (the "Guidelines"), which are incorporated by reference to these Global Proxy Policy and Procedures, set forth the sets of guidelines that Wellington Management uses in voting specific proposals presented by the boards of directors or shareholders of companies whose securities are held in client portfolios for which Wellington Management has voting discretion. While the Guidelines set forth general sets of guidelines for voting proxies, it should be noted that these are guidelines and not rigid rules. Many of the Guidelines are accompanied by explanatory language that describes criteria that may affect our vote decision. The criteria as described are to be read as part of the guideline, and votes cast according to the criteria will be considered within guidelines. In some circumstances, the merits of a particular proposal may cause us to enter a vote that differs from the Guidelines.

STATEMENT OF POLICY

As a matter of policy, Wellington Management:

1. Takes responsibility for voting client proxies only upon a client's written request.
2. Votes all proxies in the best interests of its clients as shareholders, i.e., to maximize economic value.
3. Develops and maintains broad guidelines setting out positions on common proxy issues, but also considers each proposal in the context of the issuer, industry, and country or countries in which its business is conducted.
4. Evaluates all factors it deems relevant when considering a vote, and may determine in certain instances that it is in the best interest of one or more clients to refrain from voting a given proxy ballot.
5. Identifies and resolves all material proxy-related conflicts of interest between the firm and its clients in the best interests of the client.
6. Believes that sound corporate governance practices can enhance shareholder value and therefore encourages consideration of an issuer's corporate governance as part of the investment process.
7. Believes that proxy voting is a valuable tool that can be used to promote sound corporate governance to the ultimate benefit of the client as shareholder.
8. Provides all clients, upon request, with copies of these Global Proxy Policy and Procedures, the Guidelines, and related reports, with such frequency as required to fulfill obligations under applicable law or as reasonably requested by clients.
9. Reviews regularly the voting record to ensure that proxies are voted in accordance with these Global Proxy Policy and Procedures and the Guidelines; and ensures that procedures, documentation, and reports relating to the voting of proxies are promptly and properly prepared and disseminated.

RESPONSIBILITY AND OVERSIGHT

Wellington Management has a Corporate Governance Committee, established by action of the firm's Executive Committee, that is responsible for the review and approval of the firm's written Global Proxy Policy and Procedures and the Guidelines, and for providing advice and guidance on specific proxy votes for individual issuers. The firm's Legal and Compliance Group monitors regulatory requirements with respect to proxy voting on a global basis and works with the Corporate Governance Committee to develop policies that implement those requirements. Day-to-day administration of the proxy voting process at Wellington Management is the responsibility of the Global Research Services Group. In addition, the Global Research Services Group acts as a resource for portfolio managers and research analysts on proxy matters, as needed.

STATEMENT OF PROCEDURES

Wellington Management has in place certain procedures for implementing its proxy voting policy.

General Proxy Voting

AUTHORIZATION TO VOTE

Wellington Management will vote only those proxies for which its clients have affirmatively delegated proxy-voting authority.

RECEIPT OF PROXY

Proxy materials from an issuer or its information agent are forwarded to registered owners of record, typically the client's custodian bank. If a client requests that Wellington Management votes proxies on its behalf, the client must instruct its custodian bank to deliver all relevant voting material to Wellington Management or its voting agent. Wellington Management, or its voting agent, may receive this voting information by mail, fax, or other electronic means.

RECONCILIATION

To the extent reasonably practicable, each public security proxy received by electronic means is matched to the securities eligible to be voted and a reminder is sent to any custodian or trustee that has not forwarded the proxies as due. Although proxies received for private securities, as well as those received in non-electronic format, are voted as received, Wellington Management is not able to reconcile these proxies to holdings, nor does it notify custodians of non-receipt.

RESEARCH

In addition to proprietary investment research undertaken by Wellington Management investment professionals, the firm conducts proxy research internally, and uses the resources of a number of external sources to keep abreast of developments in corporate governance around the world and of current practices of specific companies.

PROXY VOTING

Following the reconciliation process, each proxy is compared against the Guidelines, and handled as follows:

- Generally, issues for which explicit proxy voting guidance is provided in the Guidelines (i.e., “For”, “Against”, “Abstain”) are reviewed by the Global Research Services Group and voted in accordance with the Guidelines.
- Issues identified as “case-by-case” in the Guidelines are further reviewed by the Global Research Services Group. In certain circumstances, further input is needed, so the issues are forwarded to the relevant research analyst and/or portfolio manager(s) for their input.
- Absent a material conflict of interest, the portfolio manager has the authority to decide the final vote. Different portfolio managers holding the same securities may arrive at different voting conclusions for their clients’ proxies.

Material Conflict of Interest Identification and Resolution Processes: Wellington Management’s broadly diversified client base and functional lines of responsibility serve to minimize the number of, but not prevent, material conflicts of interest it faces in voting proxies. Annually, the Corporate Governance Committee sets standards for identifying material conflicts based on client, vendor, and lender relationships, and publishes those standards to individuals involved in the proxy voting process. In addition, the Corporate Governance Committee encourages all personnel to contact the Global Research Services Group about apparent conflicts of interest, even if the apparent conflict does not meet the published materiality criteria. Apparent conflicts are reviewed by designated members of the Corporate Governance Committee to determine if there is a conflict, and if so whether the conflict is material.

If a proxy is identified as presenting a material conflict of interest, the matter must be reviewed by designated members of the Corporate Governance Committee, who will resolve the conflict and direct the vote. In certain circumstances, the designated members may determine that the full Corporate Governance Committee should convene. Any Corporate Governance Committee member who is himself or herself subject to the identified conflict will not participate in the decision on whether and how to vote the proxy in question.

Other Considerations

In certain instances, Wellington Management may be unable to vote or may determine not to vote a proxy on behalf of one or more clients. While not exhaustive, the following list of considerations highlights some potential instances in which a proxy vote might not be entered.

SECURITIES LENDING

Wellington Management may be unable to vote proxies when the underlying securities have been lent out pursuant to a client’s securities lending program. In general, Wellington Management does not know when securities have been lent out and are therefore unavailable to be voted. Efforts to recall loaned securities are not always effective, but, in rare circumstances, Wellington Management may recommend that a client attempt to have its custodian recall the security to permit voting of related proxies.

SHARE BLOCKING AND RE-REGISTRATION

Certain countries require shareholders to stop trading securities for a period of time prior to and/or after a shareholder meeting in that country (i.e., share blocking). When reviewing proxies in share blocking countries, Wellington Management evaluates each proposal in light of the trading restrictions imposed and determines whether a proxy issue is sufficiently important that Wellington Management would consider the possibility of blocking shares. The portfolio manager retains the final authority to determine whether to block the shares in the client’s portfolio or to pass on voting the meeting.

In certain countries, re-registration of shares is required to enter a proxy vote. As with share blocking, re-registration can prevent Wellington Management from exercising its investment discretion to sell shares held in a client’s portfolio for a substantial period of time. The decision process in blocking countries as discussed above is also employed in instances where re-registration is necessary.

LACK OF ADEQUATE INFORMATION, UNTIMELY RECEIPT OF PROXY MATERIALS, OR EXCESSIVE COSTS

Wellington Management may be unable to enter an informed vote in certain circumstances due to the lack of information provided in the proxy statement or by the issuer or other resolution sponsor, and may abstain from voting in those instances. Proxy materials not delivered in a timely fashion may prevent analysis or entry of a vote by voting deadlines. In addition, Wellington Management’s practice is to abstain from voting a proxy in circumstances where, in its judgment, the costs exceed the expected benefits to clients. Requirements for Powers of Attorney and consularization are examples of such circumstances.

Additional Information: Wellington Management maintains records of proxies voted pursuant to Section 204-2 of the Investment Advisers Act of 1940 (the "Advisers Act"), the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and other applicable laws.

Wellington Management's Global Proxy Policy and Procedures may be amended from time to time by Wellington Management. Wellington Management provides clients with a copy of its Global Proxy Policy and Procedures, including the Guidelines, upon written request. In addition, Wellington Management will make specific client information relating to proxy voting available to a client upon reasonable written request.

Dated: July 8, 2009

Western Asset Management Company

Proxy Voting Policies and Procedures

BACKGROUND

An investment adviser is required to adopt and implement policies and procedures that we believe are reasonably designed to ensure that proxies are voted in the best interest of clients, in accordance with fiduciary duties and SEC Rule 206(4)-6 under the Investment Advisers Act of 1940 ("Advisers Act"). The authority to vote the proxies of our clients is established through investment management agreements or comparable documents. In addition to SEC requirements governing advisers, long-standing fiduciary standards and responsibilities have been established for ERISA accounts. Unless a manager of ERISA assets has been expressly precluded from voting proxies, the Department of Labor has determined that the responsibility for these votes lies with the investment manager.

POLICY

As a fixed income only manager, the occasion to vote proxies is very rare. However, the Firm has adopted and implemented policies and procedures that we believe are reasonably designed to ensure that proxies are voted in the best interest of clients, in accordance with our fiduciary duties and SEC Rule 206(4)-6 under the Investment Advisers Act of 1940 ("Advisers Act"). In addition to SEC requirements governing advisers, our proxy voting policies reflect the long-standing fiduciary standards and responsibilities for ERISA accounts. Unless a manager of ERISA assets has been expressly precluded from voting proxies, the Department of Labor has determined that the responsibility for these votes lies with the Investment Manager.

While the guidelines included in the procedures are intended to provide a benchmark for voting standards, each vote is ultimately cast on a case-by-case basis, taking into consideration the Firm's contractual obligations to our clients and all other relevant facts and circumstances at the time of the vote (such that these guidelines may be overridden to the extent the Firm deems appropriate).

In exercising its voting authority, Western Asset will not consult or enter into agreements with officers, directors or employees of Legg Mason Inc. or any of its affiliates (other than Western Asset Management Company Limited) regarding the voting of any securities owned by its clients.

PROCEDURE

Responsibility and Oversight

The Western Asset Legal and Compliance Department ("Compliance Department") is responsible for administering and overseeing the proxy voting process. The gathering of proxies is coordinated through the Corporate Actions area of Investment Support ("Corporate Actions"). Research analysts and portfolio managers are responsible for determining appropriate voting positions on each proxy utilizing any applicable guidelines contained in these procedures.

Client Authority

The Investment Management Agreement for each client is reviewed at account start-up for proxy voting instructions. If an agreement is silent on proxy voting, but contains an overall delegation of discretionary authority or if the account represents assets of an ERISA plan, Western Asset will assume responsibility for proxy voting. The Legal and Compliance Department maintains a matrix of proxy voting authority.

Proxy Gathering

Registered owners of record, client custodians, client banks and trustees ("Proxy Recipients") that receive proxy materials on behalf of clients should forward them to Corporate Actions. Proxy Recipients for new clients (or, if Western Asset becomes aware that the applicable Proxy Recipient for an existing client has changed, the Proxy Recipient for the existing client) are notified at start-up of appropriate routing to Corporate Actions of proxy materials received and reminded of their responsibility to forward all proxy materials on a timely basis. If Western Asset personnel other than Corporate Actions receive proxy materials, they should promptly forward the materials to Corporate Actions.

Proxy Voting

Once proxy materials are received by Corporate Actions, they are forwarded to the Legal and Compliance Department for coordination and the following actions:

a. Proxies are reviewed to determine accounts impacted.

b. Impacted accounts are checked to confirm Western Asset voting authority.

c. Legal and Compliance Department staff reviews proxy issues to determine any material conflicts of interest. (See conflicts of interest section of these procedures for further information on determining material conflicts of *interest.)*

d. If a material conflict of interest exists, (i) to the extent reasonably practicable and permitted by applicable law, the client is promptly notified, the conflict is disclosed and Western Asset obtains the client's proxy voting instructions, and (ii) to the extent that it is not reasonably practicable or permitted by applicable law to notify the client and obtain such instructions (e.g., the client is a mutual fund or other commingled vehicle or is an ERISA plan client), Western Asset seeks voting instructions from an independent third party.

e. Legal and Compliance Department staff provides proxy material to the appropriate research analyst or portfolio manager to obtain their recommended vote. Research analysts and portfolio managers determine votes on a case-by-case basis taking into account the voting guidelines contained in these procedures. For avoidance of doubt, depending on the best interest of each individual client, Western Asset may vote the same proxy differently for different clients. The analyst's or portfolio manager's basis for their decision is documented and maintained by the Legal and Compliance Department.

f. Legal and Compliance Department staff votes the proxy pursuant to the instructions received in (d) or (e) and returns the voted proxy as indicated in the proxy materials.

Timing

Western Asset personnel act in such a manner to ensure that, absent special circumstances, the proxy gathering and proxy voting steps noted above can be completed before the applicable deadline for returning proxy votes.

Recordkeeping

Western Asset maintains records of proxies voted pursuant to Section 204-2 of the Advisers Act and ERISA DOL Bulletin 94-2. These records include:

- A copy of Western Asset's policies and procedures.
- Copies of proxy statements received regarding client securities.
- A copy of any document created by Western Asset that was material to making a decision how to vote proxies.
- Each written client request for proxy voting records and Western Asset's written response to both verbal and written client requests.
- A proxy log including:
    - Issuer name;
    - Exchange ticker symbol of the issuer's shares to be voted;
    - Committee on Uniform Securities Identification Procedures ("CUSIP") number for the shares to be voted;
    - A brief identification of the matter voted on;
    - Whether the matter was proposed by the issuer or by a shareholder of the issuer;
    - Whether a vote was cast on the matter;
    - A record of how the vote was cast; and
    - Whether the vote was cast for or against the recommendation of the issuer's management team.

Records are maintained in an easily accessible place for five years, the first two in Western Asset's offices.

Disclosure

Western Asset's proxy policies are described in the firm's Part II of Form ADV. Clients will be provided a copy of these policies and procedures upon request. In addition, upon request, clients may receive reports on how their proxies have been voted.

Conflicts of Interest

All proxies are reviewed by the Legal and Compliance Department for material conflicts of interest. Issues to be reviewed include, but are not limited to:

- Whether Western (or, to the extent required to be considered by applicable law, its affiliates) manages assets for the company or an employee group of the company or otherwise has an interest in the company;
- Whether Western or an officer or director of Western or the applicable portfolio manager or analyst responsible for recommending the proxy vote (together, "Voting Persons") is a close relative of or has a personal or business relationship with an executive, director or person who is a candidate for director of the company or is a participant in a proxy contest; and
- Whether there is any other business or personal relationship where a Voting Person has a personal interest in the outcome of the matter before shareholders.

Voting Guidelines

Western Asset's substantive voting decisions turn on the particular facts and circumstances of each proxy vote and are evaluated by the designated research analyst or portfolio manager. The examples outlined below are meant as guidelines to aid in the decision making process.

Guidelines are grouped according to the types of proposals generally presented to shareholders. Part I deals with proposals which have been approved and are recommended by a company's board of directors; Part II deals with proposals submitted by shareholders for inclusion in proxy statements; Part III addresses issues relating to voting shares of investment companies; and Part IV addresses unique considerations pertaining to foreign issuers.

I. BOARD APPROVED PROPOSALS

The vast majority of matters presented to shareholders for a vote involve proposals made by a company itself that have been approved and recommended by its board of directors. In view of the enhanced corporate governance practices currently being implemented in public companies, Western Asset generally votes in support of decisions reached by independent boards of directors. More specific guidelines related to certain board-approved proposals are as follows:

Matters relating to the Board of Directors

Western Asset votes proxies for the election of the company's nominees for directors and for board-approved proposals on other matters relating to the board of directors with the following exceptions:

- Votes are withheld for the entire board of directors if the board does not have a majority of independent directors or the board does not have nominating, audit and compensation committees composed solely of independent directors.
- Votes are withheld for any nominee for director who is considered an independent director by the company and who has received compensation from the company other than for service as a director.
- Votes are withheld for any nominee for director who attends less than 75% of board and committee meetings without valid reasons for absences.
- Votes are cast on a case-by-case basis in contested elections of directors.

Matters relating to Executive Compensation

Western Asset generally favors compensation programs that relate executive compensation to a company's long-term performance. Votes are cast on a case-by-case basis on board-approved proposals relating to executive compensation, except as follows:

- Except where the firm is otherwise withholding votes for the entire board of directors, Western Asset votes for stock option plans that will result in a minimal annual dilution.
- Western Asset votes against stock option plans or proposals that permit replacing or repricing of underwater options.
- Western Asset votes against stock option plans that permit issuance of options with an exercise price below the stock's current market price.
- Except where the firm is otherwise withholding votes for the entire board of directors, Western Asset votes for employee stock purchase plans that limit the discount for shares purchased under the plan to no more than 15% of their market value, have an offering period of 27 months or less and result in dilution of 10% or less.

Matters relating to Capitalization

The management of a company's capital structure involves a number of important issues, including cash flows, financing needs and market conditions that are unique to the circumstances of each company. As a result, Western Asset votes on a case-by-case basis on board-approved proposals involving changes to a company's capitalization except where Western Asset is otherwise withholding votes for the entire board of directors.

- Western Asset votes for proposals relating to the authorization of additional common stock.
- Western Asset votes for proposals to effect stock splits (excluding reverse stock splits).
- Western Asset votes for proposals authorizing share repurchase programs.

Matters relating to Acquisitions, Mergers, Reorganizations and Other Transactions

Western Asset votes these issues on a case-by-case basis on board-approved transactions.

Matters relating to Anti-Takeover Measures

Western Asset votes against board-approved proposals to adopt anti-takeover measures except as follows:

- Western Asset votes on a case-by-case basis on proposals to ratify or approve shareholder rights plans.
- Western Asset votes on a case-by-case basis on proposals to adopt fair price provisions.

Other Business Matters

Western Asset votes for board-approved proposals approving such routine business matters such as changing the company's name, ratifying the appointment of auditors and procedural matters relating to the shareholder meeting.

- Western Asset votes on a case-by-case basis on proposals to amend a company's charter or bylaws.
- Western Asset votes against authorization to transact other unidentified, substantive business at the meeting.

II. SHAREHOLDER PROPOSALS

SEC regulations permit shareholders to submit proposals for inclusion in a company's proxy statement. These proposals generally seek to change some aspect of a company's corporate governance structure or to change some aspect of its business operations. Western Asset votes in accordance with the recommendation of the company's board of directors on all shareholder proposals, except as follows:

- Western Asset votes for shareholder proposals to require shareholder approval of shareholder rights plans.
- Western Asset votes for shareholder proposals that are consistent with Western Asset's proxy voting guidelines for board-approved proposals.
- Western Asset votes on a case-by-case basis on other shareholder proposals where the firm is otherwise withholding votes for the entire board of directors.

III. VOTING SHARES OF INVESTMENT COMPANIES

Western Asset may utilize shares of open or closed-end investment companies to implement its investment strategies. Shareholder votes for investment companies that fall within the categories listed in Parts I and II above are voted in accordance with those guidelines.

- Western Asset votes on a case-by-case basis on proposals relating to changes in the investment objectives of an investment company taking into account the original intent of the fund and the role the fund plays in the clients' portfolios.
- Western Asset votes on a case-by-case basis all proposals that would result in increases in expenses (e.g., proposals to adopt 12b-1 plans, alter investment advisory arrangements or approve fund mergers) taking into account comparable expenses for similar funds and the services to be provided.

IV. VOTING SHARES OF FOREIGN ISSUERS

In the event Western Asset is required to vote on securities held in non-U.S. issuers – i.e. issuers that are incorporated under the laws of a foreign jurisdiction and that are not listed on a U.S. securities exchange or the NASDAQ stock market, the following guidelines are used, which are premised on the existence of a sound corporate governance and disclosure framework. These guidelines, however, may not be appropriate under some circumstances for foreign issuers and therefore apply only where applicable.

- Western Asset votes for shareholder proposals calling for a majority of the directors to be independent of management.
- Western Asset votes for shareholder proposals seeking to increase the independence of board nominating, audit and compensation committees.
- Western Asset votes for shareholder proposals that implement corporate governance standards similar to those established under U.S. federal law and the listing requirements of U.S. stock exchanges, and that do not otherwise violate the laws of the jurisdiction under which the company is incorporated.
- Western Asset votes on a case-by-case basis on proposals relating to (1) the issuance of common stock in excess of 20% of a company's outstanding common stock where shareholders do not have preemptive rights, or (2) the issuance of common stock in excess of 100% of a company's outstanding common stock where shareholders have preemptive rights.

RETIREMENT ACCOUNTS

For accounts subject to ERISA, as well as other Retirement Accounts, Western Asset is presumed to have the responsibility to vote proxies for the client. The Department of Labor ("DOL") has issued a bulletin that states that investment managers have the responsibility to vote proxies on behalf of Retirement Accounts unless the authority to vote proxies has been specifically reserved to another named fiduciary. Furthermore, unless Western Asset is expressly precluded from voting the proxies, the DOL has determined that the responsibility remains with the investment manager.

In order to comply with the DOL's position, Western Asset will be presumed to have the obligation to vote proxies for its Retirement Accounts unless Western Asset has obtained a specific written instruction indicating that: (a) the right to vote proxies has been reserved to a named fiduciary of the client, and (b) Western Asset is precluded from voting proxies on behalf of the client. If Western Asset does not receive such an instruction, Western Asset will be responsible for voting proxies in the best interests of the Retirement Account client and in accordance with any proxy voting guidelines provided by the client.

Appendix B – Portfolio Managers

In addition to managing the assets of each portfolio, a portfolio manager may have responsibility for managing other client accounts of the applicable adviser or its affiliates. The tables below show, per portfolio manager, the number and asset size of (1) SEC registered investment companies (or series thereof) other than each portfolio, (2) pooled investment vehicles that are not registered investment companies and (3) other accounts (e.g., accounts managed for individuals or organizations) managed by a portfolio manager. Total assets attributed to a portfolio manager in the tables below include total assets of each account managed, although a portfolio manager may only manage a portion of such account's assets. The tables also show the number of performance based fee accounts, as well as the total assets of the accounts for which the advisory fee is based on the performance of the account. This information is provided as of each portfolio's most recent fiscal year end, except as otherwise noted.

AllianceBernstein L.P. ("AllianceBernstein")

Transamerica AllianceBernstein Dynamic Allocation VP

Portfolio Manager	Registered Investment Companies		Other Pooled Investment Vehicles		Other Accounts	
	Number	Assets Managed	Number	Assets Managed	Number	Assets Managed
Daniel Loewy, CFA	72	$36.52 billion	232	$22.88 billion	103	$37.68 billion
Vadim Zlotnikov	79	$44.41 billion	348	$29.32 billion	114	$39.34 billion
Fee Based Accounts (The number of accounts and the total assets in the accounts managed by each portfolio manager with respect to which the advisory fee is based on the performance of the account.)						
Daniel Loewy, CFA	0	$0	0	$0	1	$520 million
Vadim Zlotnikov	0	$0	2	$197 million	1	$520 million

Conflict of Interest

As an investment adviser and fiduciary, AllianceBernstein owes its clients and shareholders an undivided duty of loyalty. AllianceBernstein recognizes that conflicts of interest are inherent in its business and accordingly has developed policies and procedures (including oversight monitoring) reasonably designed to detect, manage and mitigate the effects of actual or potential conflicts of interest in the area of employee personal trading, managing multiple accounts for multiple clients, and allocating investment opportunities. Investment professionals, including portfolio managers and research analysts, are subject to the above-mentioned policies and oversight monitoring to ensure that all clients are treated equitably. AllianceBernstein places the interests of its clients first and expects all of its employees to meet their fiduciary duties.

Employee Personal Trading

AllianceBernstein has adopted a Code of Business Conduct and Ethics that is designed to detect and prevent conflicts of interest when investment professionals and other personnel of AllianceBernstein own, buy or sell securities which may be owned by, or bought or sold for, clients. Personal securities transactions by an employee may raise a potential conflict of interest when an employee owns or trades in a security that is owned or considered for purchase or sale by a client, or recommended for purchase or sale by an employee to a client. Subject to the reporting requirements and other limitations of its Code of Business Conduct and Ethics, AllianceBernstein permits its employees to engage in personal securities transactions, and also allows them to acquire investments in the AllianceBernstein Mutual Funds through direct purchase, 401k/profit sharing plan investment and/or notionally in connection with deferred incentive compensation awards. AllianceBernstein's Code of Ethics and Business Conduct requires disclosure of all personal accounts and maintenance of brokerage accounts with designated broker-dealers approved by AllianceBernstein. The Code also requires preclearance of all securities transactions and imposes a 90 day holding period for securities purchased by employees to discourage short-term trading.

Managing Multiple Accounts for Multiple Clients

AllianceBernstein has compliance policies and oversight monitoring in place to address conflicts of interest relating to the management of multiple accounts for multiple clients. Conflicts of interest may arise when an investment professional has responsibilities for the investments of more than one account because the investment professional may be unable to devote equal time and attention to each account. The investment professional or investment professional teams for each client may have responsibilities for managing all or a portion of the investments of multiple accounts with a common investment strategy, including other registered investment companies, unregistered investment vehicles, such as hedge funds, pension plans, separate accounts, collective trusts and charitable foundations. Among other things, AllianceBernstein's policies and procedures provide for the prompt dissemination to investment professionals of initial or changed investment recommendations by analysts so that investment professionals are better able to develop investment strategies for all accounts they manage. In addition, investment decisions by investment professionals are reviewed for the purpose of maintaining uniformity among similar accounts and ensuring that accounts are treated equitably. No investment professional that manages client accounts carrying performance fees is compensated directly or specifically for the performance of those accounts. Investment professional compensation reflects a broad contribution in multiple dimensions to long-term investment success for our clients and is not tied specifically to the performance of any particular client's account, nor is it directly tied to the level or change in the level of assets under management.

Allocating Investment Opportunities

AllianceBernstein has policies and procedures intended to address conflicts of interest relating to the allocation of investment opportunities. These policies and procedures are designed to ensure that information relevant to investment decisions is disseminated promptly within its portfolio management teams and investment opportunities are allocated equitably among different clients. The investment professionals at AllianceBernstein routinely are required to select and allocate investment opportunities among accounts. Portfolio holdings, position sizes, and industry and sector exposures tend to be similar across similar accounts which minimizes the potential for conflicts of interest relating to the allocation of investment opportunities. Nevertheless, investment opportunities may be allocated differently among accounts due to the particular characteristics of an account, such as size of the account, cash position, tax status, risk tolerance and investment restrictions or for other reasons.

AllianceBernstein's procedures are also designed to prevent potential conflicts of interest that may arise when AllianceBernstein has a particular financial incentive, such as a performance-based management fee, relating to an account. An investment professional may perceive that he or she has an incentive to devote more time to developing and analyzing investment strategies and opportunities or allocating securities preferentially to accounts for which AllianceBernstein could share in investment gains.

To address these conflicts of interest, AllianceBernstein's policies and procedures require, among other things, the prompt dissemination to investment professionals of any initial or changed investment recommendations by analysts; the aggregation of orders to facilitate best execution for all accounts; price averaging for all aggregated orders; objective allocation for limited investment opportunities (e.g., on a rotational basis) to ensure fair and equitable allocation among accounts; and limitations on short sales of securities. These procedures also require documentation and review of justifications for any decisions to make investments only for select accounts or in a manner disproportionate to the size of the account.

Compensation

AllianceBernstein's compensation program for portfolio managers and analysts is designed to be competitive and effective in order to attract and retain the highest caliber employees. Portfolio managers receive base compensation, incentive compensation and contributions to AllianceBernstein's 401(k) plan. Part of the annual incentive compensation is normally paid in the form of a cash bonus and part through an award under the firm's Incentive Compensation Award Plan (ICAP). The ICAP awards vest over a four-year period. Deferred awards are in the form of the firm's publicly traded equity units, although award recipients have the ability to receive a portion of their awards in deferred cash.

Total compensation is determined by quantitative and qualitative factors. Quantitative factors, which are weighted more heavily, are driven by investment performance to align compensation with client investment returns. Qualitative factors are driven by portfolio managers' contributions to the investment process and client success.

The quantitative component includes measures of absolute, relative and risk-adjusted investment performance. Relative and risk-adjusted returns are determined based on the benchmark in the fund's prospectus and versus peers over one-, three- and five-year calendar periods—with more weight given to longer time periods. Peer groups are chosen by investment CIOs, who consult with the Product Management team to identify products most similar to our investment style and most relevant within the asset class.

The qualitative component incorporates the manager's contribution to the overall investment process and our clients' success. Among the important aspects are: thought leadership, collaboration with other investment professionals at the firm, contributions to risk-adjusted returns in other portfolios, building a strong talent pool, mentoring newer investment professionals, and being a good corporate citizen.

Other factors can play a part in determining portfolio managers' compensation, including complexity of investment strategies managed, volume of assets managed and experience. Assessments of investment professionals are formalized in a year-end review process that includes 360-degree feedback from other professionals from across the investment teams and firm.

Ownership of Securities

As of December 31, 2013, the portfolio manager(s) did not beneficially own any shares of the portfolio(s).

Aegon USA Investment Management, LLC ("AUIM")

Transamerica Aegon Active Asset Allocation – Conservative VP

Portfolio Manager	Registered Investment Companies		Other Pooled Investment Vehicles		Other Accounts	
	Number	Assets Managed	Number	Assets Managed	Number	Assets Managed
Frank Koster	9	$8.42 billion	0	$0	2	$711 million
David Halfpap, CFA	9	$8.42 billion	1	$36 million	26	$7.11 billion
Frank Rybinski, CFA	9	$8.42 billion	0	$0	0	$0
Fee Based Accounts (The number of accounts and the total assets in the accounts managed by each portfolio manager with respect to which the advisory fee is based on the performance of the account.)						
Frank Koster	0	$0	0	$0	0	$0
David Halfpap, CFA	0	$0	0	$0	0	$0
Frank Rybinski, CFA	0	$0	0	$0	0	$0

Transamerica Aegon Active Asset Allocation – Moderate Growth VP

Portfolio Manager	Registered Investment Companies		Other Pooled Investment Vehicles		Other Accounts	
	Number	Assets Managed	Number	Assets Managed	Number	Assets Managed
Frank Koster	9	$8.27 billion	0	$0	2	$711 million
David Halfpap, CFA	9	$8.27 billion	1	$36 million	26	$7.11 billion
Frank Rybinski, CFA	9	$8.27 billion	0	$0	0	$0
Fee Based Accounts (The number of accounts and the total assets in the accounts managed by each portfolio manager with respect to which the advisory fee is based on the performance of the account.)						
Frank Koster	0	$0	0	$0	0	$0
David Halfpap, CFA	0	$0	0	$0	0	$0
Frank Rybinski, CFA	0	$0	0	$0	0	$0

Transamerica Aegon Active Asset Allocation – Moderate VP

Portfolio Manager	Registered Investment Companies		Other Pooled Investment Vehicles		Other Accounts	
	Number	Assets Managed	Number	Assets Managed	Number	Assets Managed
Frank Koster	9	$7.79 billion	0	$0	2	$711 million
David Halfpap, CFA	9	$7.79 billion	1	$36 million	26	$7.11 billion
Frank Rybinski, CFA	9	$7.79 billion	0	$0	0	$0
Fee Based Accounts (The number of accounts and the total assets in the accounts managed by each portfolio manager with respect to which the advisory fee is based on the performance of the account.)						
Frank Koster	0	$0	0	$0	0	$0
David Halfpap, CFA	0	$0	0	$0	0	$0
Frank Rybinski, CFA	0	$0	0	$0	0	$0

Transamerica Aegon High Yield Bond VP

Portfolio Manager	Registered Investment Companies		Other Pooled Investment Vehicles		Other Accounts	
	Number	Assets Managed	Number	Assets Managed	Number	Assets Managed
Kevin Bakker, CFA	1	$1.11 billion	5	$1.20 billion	12	$5.24 billion
Bradley J. Beman, CFA	1	$1.11 billion	6	$1.24 billion	12	$5.24 billion
Benjamin D. Miller, CFA	1	$1.11 billion	5	$1.20 billion	12	$5.24 billion
James K. Schaeffer, Jr.	4	$1.74 billion	6	$1.24 billion	17	$6.31 billion

Portfolio Manager	Registered Investment Companies		Other Pooled Investment Vehicles		Other Accounts	
	Number	Assets Managed	Number	Assets Managed	Number	Assets Managed
Fee Based Accounts (The number of accounts and the total assets in the accounts managed by each portfolio manager with respect to which the advisory fee is based on the performance of the account.)						
Kevin Bakker, CFA	0	$0	0	$0	1	$485 million
Bradley J. Beman, CFA	0	$0	0	$0	1	$485 million
Benjamin D. Miller, CFA	0	$0	0	$0	1	$485 million
James K. Schaeffer, Jr.	0	$0	0	$0	3	$1.21 billion

Transamerica Aegon Money Market VP

Portfolio Manager	Registered Investment Companies		Other Pooled Investment Vehicles		Other Accounts	
	Number	Assets Managed	Number	Assets Managed	Number	Asset Managed
Brian Barnhart, CFA (Lead)	2	$1.19 billion	0	$0	7	$6.03 billion
Calvin Norris, CFA	3	$1.80 billion	0	$0	5	$7.89 billion
Fee Based Accounts (The number of accounts and the total assets in the accounts managed by each portfolio manager with respect to which the advisory fee is based on the performance of the account.)						
Brian Barnhart, CFA (Lead)	0	$0	0	$0	0	$0
Calvin Norris, CFA	0	$0	0	$0	0	$0

Transamerica Aegon U.S. Government Securities VP

Portfolio Manager	Registered Investment Companies		Other Pooled Investment Vehicles		Other Accounts	
	Number	Assets Managed	Number	Assets Managed	Number	Assets Managed
Calvin Norris, CFA	3	$1.83 billion	0	$0	5	$7.89 billion
Tyler Knight	0	$0	0	$0	2	$14.48 billion
Chuck Foster	0	$0	0	$0	1	$14.06 billion
Doug Weih, CFA	3	$4.37 billion	0	$0	5	$15.34 billion
Fee Based Accounts (The number of accounts and the total assets in the accounts managed by each portfolio manager with respect to which the advisory fee is based on the performance of the account.)						
Calvin Norris, CFA	0	$0	0	$0	0	$0
Tyler Knight	0	$0	0	$0	0	$0
Chuck Foster	0	$0	0	$0	0	$0
Doug Weih, CFA	0	$0	0	$0	0	$0

Transamerica Asset Allocation – Conservative VP
Transamerica Asset Allocation – Growth VP
Transamerica Asset Allocation – Moderate Growth VP
Transamerica Asset Allocation – Moderate VP
Transamerica International Moderate Growth VP
Transamerica Voya Balanced Allocation VP
Transamerica Voya Conservative Allocation VP
Transamerica Voya Moderate Growth Allocation VP

Portfolio Manager	Registered Investment Companies		Other Pooled Investment Vehicles		Other Accounts	
	Number	Assets Managed	Number	Assets Managed	Number	Assets Managed
Todd R. Porter, CFA	8	$14.8 billion	0	$0	0	$0
Maciej J. Kowara, CFA	8	$14.8 billion	0	$0	0	$0

Portfolio Manager	Registered Investment Companies		Other Pooled Investment Vehicles		Other Accounts	
	Number	Assets Managed	Number	Assets Managed	Number	Assets Managed
Fee Based Accounts (The number of accounts and the total assets in the accounts managed by each portfolio manager with respect to which the advisory fee is based on the performance of the account.)						
Todd R. Porter, CFA	0	$0	0	$0	0	$0
Maciej J. Kowara, CFA	0	$0	0	$0	0	$0

Transamerica Multi-Managed Balanced VP

Portfolio Manager	Registered Investment Companies		Other Pooled Investment Vehicles		Other Accounts	
	Number	Assets Managed	Number	Assets Managed	Number	Assets Managed
Brian W. Westhoff, CFA	2	$518 million	2	$457 million	17	$3.63 billion
Rick Perry, CFA	2	$518 million	1	$36 million	17	$42 billion
Doug Weih, CFA	4	$4.98 billion	0	$0	5	$15.34 billion
Fee Based Accounts (The number of accounts and the total assets in the accounts managed by each portfolio manager with respect to which the advisory fee is based on the performance of the account.)						
Brian W. Westhoff, CFA	0	$0	0	$0	0	$0
Rick Perry, CFA	0	$0	0	$0	0	$0
Doug Weih, CFA	0	$0	0	$0	0	$0

Transamerica Multi-Manager Alternative Strategies VP

Portfolio Manager	Registered Investment Companies		Other Pooled Investment Vehicles		Other Accounts	
	Number	Assets Managed	Number	Assets Managed	Number	Assets Managed
Timothy S. Galbraith	1	$554 million	0	$0	0	$0
Prat Patel, CFA	1	$554 million	0	$0	0	$0
Fee Based Accounts (The number of accounts and the total assets in the accounts managed by each portfolio manager with respect to which the advisory fee is based on the performance of the account.)						
Timothy S. Galbraith	0	$0	0	$0	0	$0
Prat Patel, CFA	0	$0	0	$0	0	$0

Transamerica Vanguard ETF Portfolio - Conservative VP

Portfolio Manager	Registered Investment Companies		Other Pooled Investment Vehicles		Other Accounts	
	Number	Assets Managed	Number	Assets Managed	Number	Assets Managed
Frank Koster	9	$8.22 billion	0	$0	2	$711 million
David Halfpap, CFA	9	$8.22 billion	1	$36 million	26	$7.11 billion
Frank Rybinski, CFA	9	$8.22 billion	0	$0	0	$0
Fee Based Accounts (The number of accounts and the total assets in the accounts managed by each portfolio manager with respect to which the advisory fee is based on the performance of the account.)						
Frank Koster	0	$0	0	$0	0	$0
David Halfpap, CFA	0	$0	0	$0	0	$0
Frank Rybinski, CFA	0	$0	0	$0	0	$0

Transamerica Vanguard ETF Portfolio - Balanced VP

Portfolio Manager	Registered Investment Companies		Other Pooled Investment Vehicles		Other Accounts	
	Number	Assets Managed	Number	Assets Managed	Number	Assets Managed
Frank Koster	9	$5.91 billion	0	$0	2	$711 million
David Halfpap, CFA	9	$5.91 billion	1	$36 million	26	$7.11 billion
Frank Rybinski, CFA	9	$5.91 billion	0	$0	0	$0
Fee Based Accounts (The number of accounts and the total assets in the accounts managed by each portfolio manager with respect to which the advisory fee is based on the performance of the account.)						
Frank Koster	0	$0	0	$0	0	$0
David Halfpap, CFA	0	$0	0	$0	0	$0
Frank Rybinski, CFA	0	$0	0	$0	0	$0

Transamerica Vanguard ETF Portfolio - Growth VP

Portfolio Manager	Registered Investment Companies		Other Pooled Investment Vehicles		Other Accounts	
	Number	Assets Managed	Number	Assets Managed	Number	Assets Managed
Frank Koster	9	$6.57 billion	0	$0	2	$711 million
David Halfpap, CFA	9	$6.57 billion	1	$36 million	26	$7.11 billion
Frank Rybinski, CFA	9	$6.57 billion	0	$0	0	$0
Fee Based Accounts (The number of accounts and the total assets in the accounts managed by each portfolio manager with respect to which the advisory fee is based on the performance of the account.)						
Frank Koster	0	$0	0	$0	0	$0
David Halfpap, CFA	0	$0	0	$0	0	$0
Frank Rybinski, CFA	0	$0	0	$0	0	$0

Conflict of Interest

AUIM individual portfolio managers may manage multiple accounts for multiple clients. In addition to the sub-advisory management of the portfolios, AUIM manages separate accounts for institutions, individuals, as well a various affiliated entities, which could create the potential for conflicts of interest. AUIM recognizes its fiduciary obligation to treat all clients, including the portfolios, fairly and equitably. AUIM mitigates the potential for conflicts between accounts through its trade aggregation and allocation policy and procedures. To facilitate the fair treatment among all our client accounts, AUIM does not consider factors such as: account performance, account fees, or our affiliate relationships when aggregating and allocating orders. In addition to the trade aggregation and allocation policy and procedures, AUIM manages conflicts of interest between the portfolios and other client accounts through compliance with AUIM's Code of Ethics, internal review processes, and senior management oversight.

Compensation

As of December 31, 2013, each portfolio manager's compensation is provided by the portfolio's sub-adviser and not by the portfolio. The portfolio manager's compensation consists of a fixed base salary and a variable performance incentive. The performance incentive is based on the following factors: the economic performance of the overall relevant portfolio manager's asset class, including the performance of the portfolio's assets; leadership and communication with clients; assisting with the sub-adviser's strategic goals; and Aegon USA's earnings results. The economic performance of the overall relevant portfolio manager's asset class, including the performance of the portfolio's assets is measured over a 1 and 3 year (weighted 40:60) period against peer group benchmark data, such as eVestment and Morningstar; High Yield and Emerging Market asset classes are evaluated on a three year annualized total return relative to benchmark data. Some of the portfolio managers participate in the sub-adviser's deferred compensation plan, which is based on the same performance factors as the variable performance incentive compensation but payment of which is spread over a three-year period.

Ownership of Securities

As of December 31, 2013, the portfolio manager(s) did not beneficially own any shares of the portfolio(s).

Barrow, Hanley, Mewhinney & Strauss, LLC ("BHMS")

Transamerica Barrow Hanley Dividend Focused VP

Portfolio Manager	Registered Investment Companies		Other Pooled Investment Vehicles		Other Accounts	
	Number	Assets Managed	Number	Assets Managed	Number	Assets Managed
Ray Nixon, Jr.[1]	3	$1.28 billion	1	$312.7 million	23	$2.17 billion
Brian Quinn, CFA	1	$743.8 million	1	$186.5 million	2	$221.5 million
Lewis Ropp	2	$1.57 billion	1	$186.5 million	27	$2.96 billion
Fee Based Accounts (The number of accounts and the total assets in the accounts managed by each portfolio manager with respect to which the advisory fee is based on the performance of the account.)						
Ray Nixon, Jr.	0	$0	0	$0	0	$0
Brian Quinn, CFA	0	$0	0	$0	0	$0
Lewis Ropp	0	$0	0	$0	0	$0

1 Mr. Nixon is a member of a team managing 62 other accounts and $5.5 billion in the large cap value strategy.

Conflicts of Interest

Actual or potential conflicts of interest may arise when a portfolio manager has management responsibilities to more than one account (including the Fund). BHMS manages potential conflicts between funds or with other types of accounts through allocation policies and procedures, internal review processes and oversight by directors and independent third parties to ensure that no client, regardless of type or fee structure, is intentionally favored at the expense of another. Allocation policies are designed to address potential conflicts in situations where two or more funds or accounts participate in investment decisions involving the same securities.

Compensation

In addition to base salary, all portfolio managers and analysts at BHMS share in a bonus pool that is distributed semi-annually. Portfolio managers and analysts are rated on their value added to the team-oriented investment process. Overall compensation applies with respect to all accounts managed and compensation does not differ with respect to distinct accounts managed by a portfolio manager. Compensation is not tied to a published or private benchmark. It is important to understand that contributions to the overall investment process may include not recommending securities in an analyst's sector if there are no compelling opportunities in the industries covered by that analyst.

The compensation of portfolio managers is not directly tied to fund performance or growth in assets for any fund or other account managed by a portfolio manager and portfolio managers are not compensated for bringing in new business. Of course, growth in assets from the appreciation of existing assets and/or growth in new assets will increase revenues and profit. The consistent, long-term growth in assets at any investment firm is to a great extent, dependent upon the success of the portfolio management team. The compensation of the portfolio management team at BHMS will increase over time, if and when assets continue to grow through competitive performance. Lastly, many of our key investment personnel have a long-term incentive compensation plan in the form of an equity interest in BHMS.

Ownership of Securities

As of December 31, 2013, the portfolio managers did not own any shares of the fund.

BlackRock Financial Management, Inc.

BlackRock Investment Management, LLC (together, "BlackRock")

Transamerica BlackRock Global Allocation VP – BlackRock Financial Management, Inc.

Portfolio Manager	Registered Investment Companies		Other Pooled Investment Vehicles		Other Accounts	
	Number	Assets Managed	Number	Assets Managed	Number	Assets Managed
Dennis Stattman, CFA	6	$63.84 billion	4	$20.97 billion	0	$0
Dan Chamby, CFA	6	$63.84 billion	4	$20.97 billion	0	$0
Aldo Roldan	6	$63.84 billion	4	$20.97 billion	0	$0
Fee Based Accounts (The number of accounts and the total assets in the accounts managed by each portfolio manager with respect to which the advisory fee is based on the performance of the account.)						
Dennis Stattman, CFA	0	$0	1	$958.2 million	0	$0
Dan Chamby, CFA	0	$0	1	$958.2 million	0	$0
Aldo Roldan	0	$0	1	$958.2 million	0	$0

Transamerica BlackRock Tactical Allocation VP – BlackRock Financial Management, Inc.

Portfolio Manager	Registered Investment Companies		Other Pooled Investment Vehicles		Other Accounts	
	Number	Assets Managed	Number	Assets Managed	Number	Assets Managed
Justin Christofel, CFA	20	$17.09 billion	19	$3.91 billion	2	$2.73 billion
Philip Green	22	$14.17 billion	25	$3.74 billion	2	$2.73 billion
Sunder Ramkumar, CFA	5	$10.79 billion	0	$0	0	$0
Fee Based Accounts (The number of accounts and the total assets in the accounts managed by each portfolio manager with respect to which the advisory fee is based on the performance of the account.)						
Justin Christofel, CFA	0	$0	0	$0	2	$2.73 billion
Philip Green	0	$0	0	$0	2	$2.73 billion
Sunder Ramkumar, CFA	0	$0	0	$0	0	$0

Potential Material Conflicts of Interest

BlackRock has built a professional working environment, firm-wide compliance culture and compliance procedures and systems designed to protect against potential incentives that may favor one account over another. BlackRock has adopted policies and procedures that address the allocation of investment opportunities, execution of portfolio transactions, personal trading by employees and other potential conflicts of interest that are designed to ensure that all client accounts are treated equitably over time. Nevertheless, BlackRock furnishes investment management and advisory services to numerous clients in addition to the Fund, and BlackRock may, consistent with applicable law, make investment recommendations to other clients or accounts (including accounts which are hedge funds or have performance or higher fees paid to BlackRock, or in which portfolio managers have a personal interest in the receipt of such fees), which may be the same as or different from those made to the Fund. In addition, BlackRock, its affiliates and significant shareholders and any officer, director, shareholder or employee may or may not have an interest in the securities whose purchase and sale BlackRock recommends to the Fund. BlackRock, or any of its affiliates or significant shareholders, or any officer, director, shareholder, employee or any member of their families may take different actions than those recommended to the Fund by BlackRock with respect to the same securities. Moreover, BlackRock may refrain from rendering any advice or services concerning securities of companies of which any of BlackRock's (or its affiliates' or significant shareholders') officers, directors or employees are directors or officers, or companies as to which BlackRock or any of its affiliates or significant shareholders or the officers, directors and employees of any of them has any substantial economic interest or possesses material non-public information. Certain portfolio managers also may manage accounts whose investment strategies may at times be opposed to the strategy utilized for a fund. It should also be noted that Messrs. Doll, Hanson, Pellicciaro, Rieder, and Stournaras may be managing hedge fund and/or long only accounts, or may be part of a team managing hedge fund and/or long only accounts, subject to incentive fees. Messrs. Doll, Hanson, Pellicciaro, Rieder, and Stournaras may therefore be entitled to receive a portion of any incentive fees earned on such accounts.

As a fiduciary, BlackRock owes a duty of loyalty to its clients and must treat each client fairly. When BlackRock purchases or sells securities for more than one account, the trades must be allocated in a manner consistent with its fiduciary duties. BlackRock attempts to allocate investments in a fair and equitable manner among client accounts, with no account receiving preferential treatment. To this end, BlackRock has adopted policies that are intended to ensure reasonable efficiency in client transactions and provide BlackRock with sufficient flexibility to allocate investments in a manner that is consistent with the particular investment discipline and client base, as appropriate.

Portfolio Manager Compensation Overview

BlackRock's financial arrangements with its portfolio managers, its competitive compensation and its career path emphasis at all levels reflect the value senior management places on key resources. Compensation may include a variety of components and may vary from year to year based on a number of factors. The principal components of compensation include a base salary, a performance-based discretionary bonus, participation in various benefits programs and one or more of the incentive compensation programs established by BlackRock.

Base compensation

Generally, portfolio managers receive base compensation based on their position with the firm.

Discretionary Incentive Compensation for Messrs. Christofel, Green, and Ramukumar:

Discretionary incentive compensation is a function of several components: the performance of BlackRock, Inc., the performance of the portfolio manager's group within BlackRock, the investment performance, including risk-adjusted returns, of the firm's assets under management or supervision by that portfolio manager, and the individual's performance and contribution to the overall performance of these portfolios and BlackRock. Among other things, BlackRock's Chief Investment Officers make a subjective determination with respect to each portfolio manager's compensation based on the performance of the Funds and other accounts managed by each portfolio manager. Performance of multi-asset class funds is generally measured on a pre-tax basis over various time periods including 1-, 3- and 5- year periods, as applicable. The performance of Messrs. Christofel, Green and Ramukumar is not measured against a specific benchmark.

Discretionary Incentive Compensation for Messrs. Chamby, Roldan, and Stattman:

Generally, discretionary incentive compensation for Global Allocation portfolio managers is based on a formulaic compensation program. The team's formulaic portfolio manager compensation program is based on team revenue with a measure of operational efficiency, and pre-tax investment performance relative to benchmark over 1 and 5-year performance periods. In most cases, these benchmarks are the same as the benchmark or benchmarks against which the performance of the Funds or other accounts managed by the portfolio managers are measured. BlackRock's Chief Investment Officers determine the benchmarks or rankings against which the performance of funds and other accounts managed by each portfolio management team is compared and the period of time over which performance is evaluated. With respect to these portfolio managers, such benchmarks for the Fund and other accounts are: S&P 500 Index; FTSE World ex-US Index; BofA Merrill Lynch Current 5-Year Treasury Index; Citigroup Non-Dollar World Government Bond Index.

A smaller element of portfolio manager discretionary compensation may include consideration of: financial results, expense control, profit margins, strategic planning and implementation, quality of client service, market share, corporate reputation, capital allocation, compliance and risk control, leadership, technology and innovation. These factors are considered collectively by BlackRock management.

Distribution of Discretionary Incentive Compensation

Discretionary incentive compensation is distributed to portfolio managers in a combination of cash and BlackRock, Inc. restricted stock units which vest ratably over a number of years. For some portfolio managers, discretionary incentive compensation is also distributed in deferred cash awards that notionally track the returns of select BlackRock investment products they manage and that vest ratably over a number of years. The BlackRock, Inc. restricted stock units, upon vesting, will be settled in BlackRock, Inc. common stock. Typically, the cash portion of the discretionary incentive compensation, when combined with base salary, represents more than 60% of total compensation for the portfolio managers. Paying a portion of discretionary incentive compensation in BlackRock, Inc. stock puts compensation earned by a portfolio manager for a given year "at risk" based on BlackRock's ability to sustain and improve its performance over future periods. Providing a portion of discretionary incentive compensation in deferred cash awards that notionally track the BlackRock investment products they manage provides direct alignment with investment product results.

Long-Term Incentive Plan Awards: From time to time long-term incentive equity awards are granted to certain key employees to aid in retention, align their interests with long-term shareholder interests and motivate performance. Equity awards are generally granted in the form of BlackRock, Inc. restricted stock units that, once vested, settle in BlackRock, Inc. common stock. Mr. Green has unvested long-term incentive awards.

Deferred Compensation Program: A portion of the compensation paid to eligible United States-based BlackRock employees may be voluntarily deferred at their election for defined periods of time into an account that tracks the performance of certain of the firm's investment products. Any portfolio manager who is either a managing director or director at BlackRock is eligible to participate in the deferred compensation program.

Other compensation benefits: In addition to base compensation and discretionary incentive compensation, portfolio managers may be eligible to receive or participate in one or more of the following:

Incentive Savings Plans – BlackRock, Inc. has created a variety of incentive savings plans in which BlackRock employees are eligible to participate, including a 401(k) plan, the BlackRock Retirement Savings Plan (RSP), and the BlackRock Employee Stock Purchase Plan (ESPP). The employer contribution components of the RSP include a company match equal to 50% of the first 8% of eligible pay contributed to the plan capped at $5,000 per year, and a company retirement contribution equal to 3-5% of eligible compensation up to the Internal Revenue Service limit ($255,000 for 2013). The RSP offers a range of investment options, including registered investment companies and collective investment funds managed by the firm. BlackRock contributions follow the investment direction set by participants for their own contributions or, absent participant investment direction, are invested into a target date fund that corresponds to, or is closest to, the year in which the participant attains age 65. The ESPP allows for investment in BlackRock common stock at a 5% discount on the fair market value of the stock on the purchase date. Annual participation in the ESPP is limited to the purchase of 1,000 shares of common stock or a dollar value of $25,000 based on its fair market value on the purchase date. All of the eligible portfolio managers are eligible to participate in these plans.

Portfolio Manager Potential Material Conflicts of Interest

BlackRock has built a professional working environment, firm-wide compliance culture and compliance procedures and systems designed to protect against potential incentives that may favor one account over another. BlackRock has adopted policies and procedures that address the allocation of investment opportunities, execution of portfolio transactions, personal trading by employees and other potential conflicts of interest that are designed to ensure that all client accounts are treated equitably over time. Nevertheless, BlackRock furnishes investment management and advisory services to numerous clients in addition to the Fund, and BlackRock may, consistent with applicable law, make investment recommendations to other clients or accounts (including accounts which are hedge funds or have performance or higher fees paid to BlackRock, or in which portfolio managers have a personal interest in the receipt of such fees), which may be the same as or different from those made to the Fund. In addition, BlackRock, its affiliates and significant shareholders and any officer, director, shareholder or employee may or may not have an interest in the securities whose purchase and sale BlackRock recommends to the Fund. BlackRock, or any of its affiliates or significant shareholders, or any officer, director, shareholder, employee or any member of their families may take different actions than those recommended to the Fund by BlackRock with respect to the same securities. Moreover, BlackRock may refrain from rendering any advice or services concerning securities of companies of which any of BlackRock's (or its affiliates' or significant shareholders') officers, directors or employees are directors or officers, or companies as to which BlackRock or any of its affiliates or significant shareholders or the officers, directors and employees of any of them has any substantial economic interest or possesses material non-public information. Certain portfolio managers also may manage accounts whose investment strategies may at times be opposed to the strategy utilized for a fund. It should also be noted that a portfolio manager may be managing hedge fund and/or long only accounts, or may be part of a team managing hedge fund and/or long only accounts, subject to incentive fees. Such portfolio managers may therefore be entitled to receive a portion of any incentive fees earned on such accounts. Currently, the portfolio managers of these funds are not entitled to receive a portion of incentive fees of other accounts.

As a fiduciary, BlackRock owes a duty of loyalty to its clients and must treat each client fairly. When BlackRock purchases or sells securities for more than one account, the trades must be allocated in a manner consistent with its fiduciary duties. BlackRock attempts to allocate investments in a fair and equitable manner among client accounts, with no account receiving preferential treatment. To this end, BlackRock has adopted policies that are intended to ensure reasonable efficiency in client transactions and provide BlackRock with sufficient flexibility to allocate investments in a manner that is consistent with the particular investment discipline and client base, as appropriate.

Ownership of Securities

As of December 31, 2013, the portfolio managers did not beneficially own any shares of the portfolio(s).

CBRE Clarion Securities LLC ("CBRE Clarion")

Transamerica Clarion Global Real Estate Securities VP

	Registered Investment Companies		Other Pooled Investment Vehicles		Other Accounts	
Portfolio Manager	**Number**	**Assets Managed**	**Number**	**Assets Managed**	**Number**	**Assets Managed**
Steven D. Burton, CFA	16	$12.46 billion	36	$4.92 billion	70	$5.29 billion
T. Ritson Ferguson, CFA	11	$10.55 billion	32	$4.73 billion	54	$4.67 billion
Joseph P. Smith, CFA	15	$12.42 billion	32	$4.83 billion	69	$4.90 billion
Fee Based Accounts (The number of accounts and the total assets in the accounts managed by each portfolio manager with respect to which the advisory fee is based on the performance of the account.)						
Steven D. Burton, CFA	0	$0	2	$118 million	8	$2.05 billion
T. Ritson Ferguson, CFA	0	$0	2	$118 million	8	$2.05 billion

Portfolio Manager	Registered Investment Companies		Other Pooled Investment Vehicles		Other Accounts	
	Number	Assets Managed	Number	Assets Managed	Number	Assets Managed
Joseph P. Smith, CFA	0	$0	2	$118 million	8	$2.05 billion

Conflict of Interest

A CBRE Clarion portfolio manager may be subject to potential conflicts of interest because the portfolio manager is responsible for other accounts in addition to the fund. These other accounts may include, among others, other mutual funds, separately managed advisory accounts, commingled trust accounts, insurance separate accounts, wrap fee programs and hedge funds. Potential conflicts may arise out of the implementation of differing investment strategies for a portfolio manager's various accounts, the allocation of investment opportunities among those accounts or differences in the advisory fees paid by the portfolio manager's accounts.

A potential conflict of interest may arise as a result of a CBRE Clarion portfolio manager's responsibility for multiple accounts with similar investment guidelines. Under these circumstances, a potential investment may be suitable for more than one of the portfolio manager's accounts, but the quantity of the investment available for purchase is less than the aggregate amount the accounts would ideally devote to the opportunity. Similar conflicts may arise when multiple accounts seek to dispose of the same investment.

A CBRE Clarion portfolio manager may also manage accounts whose objectives and policies differ from those of the fund. These differences may be such that under certain circumstances, trading activity appropriate for one account managed by the portfolio manager may have adverse consequences for another account managed by the portfolio manager. For example, if an account were to sell a significant position in a security, which could cause the market price of that security to decrease, while the fund maintained its position in that security.

A potential conflict may also arise when a CBRE Clarion portfolio manager is responsible for accounts that have different advisory fees – the difference in the fees may create an incentive for the portfolio manager to favor one account over another, for example, in terms of access to particularly appealing investment opportunities. This conflict may be heightened where an account is subject to a performance-based fee.

The sub-adviser recognizes the duty of loyalty it owes to its clients and has established and implemented certain policies and procedures designed to control and mitigate conflicts of interest arising from the execution of a variety of portfolio management and trading strategies across the firm's diverse client base. Such policies and procedures include, but are not limited to, (i) investment process, portfolio management and trade allocation procedures (ii) procedures regarding short sales in securities recommended for other clients; and (iii) procedures regarding personal trading by the firm's employees (contained in the Code of Ethics).

Compensation

There are five pieces of compensation for CBRE Clarion portfolio managers:

Base Salary— Portfolio manager salaries are reviewed annually and fixed for each year at competitive market levels.

Profit Participation— Senior management, including the portfolio managers primarily responsible for the Fund, owns a minority interest in CBRE Clarion. Ownership entitles senior management to an increasing share of the firm's profit over time, although an owner's equity interest may be forfeited if the individual resigns voluntarily in the first several years.

Bonus— Portfolio manager bonuses are drawn from an incentive compensation pool into which a significant percentage of CBRE Clarion's pre-tax profits is set aside. Bonuses are based upon the measurement of performance in the portfolio manager's respective area of coverage. Performance is quantified through a proprietary "scorecard" graded by the CEO and the other CIOs. In order to avoid the pitfalls of relying solely upon a rigid performance format, however, the overall bonus takes into account other important factors such as the portfolio manager's contribution to the team, firm, and overall process.

Deferred Compensation— A portion of the incentive compensation pool is set aside each year as deferred compensation for a large number of senior employees in the firm, including the portfolio managers. These awards have vesting and payout features, which encourage long-term stability of our senior staff.

Other Compensation— Portfolio managers may also participate in benefit plans and programs available generally to all employees, such as CBRE Clarion's 401(k) plan.

Portfolio manager compensation is not based on the performance of any particular account, including the Fund, nor is compensation based on the level of Fund assets.

Ownership of Securities

As of December 31, 2013, the portfolio manager(s) did not beneficially own any shares of the portfolio(s).

Janus Capital Management LLC ("Janus")

Transamerica Janus Balanced VP

Portfolio Manager	Registered Investment Companies		Other Pooled Investment Vehicles		Other Accounts	
	Number	Assets Managed	Number	Assets Managed	Number	Assets Managed
Marc Pinto	10	$28.80 billion	0	$0	15	$561 million
Gibson Smith	23	$30.70 billion	0	$0	33	$5.02 billion
Fee Based Accounts (The number of accounts and the total assets in the accounts managed by each portfolio manager with respect to which the advisory fee is based on the performance of the account.)						
Marc Pinto	1	$9.94 billion	0	$0	1	$242 million
Gibson Smith	0	$0	0	$0	0	$0

Conflict of Interest

As shown in the table above, certain portfolio managers may manage other accounts with investment strategies similar to the Portfolio. Those other accounts may include other Janus funds, private-label mutual funds for which Janus serves as subadviser, and separately managed accounts or other pooled investment vehicles, such as hedge funds, which may have materially higher fees than a Portfolio or may have a performance-based management fee. Fees earned by Janus may vary among these accounts, the portfolio managers may personally invest in some but not all of these accounts, portfolio managers may personally invest in some but not all of these accounts, and certain of these accounts may have a greater impact on their compensation than others. In addition, certain portfolio managers may also have roles as research analysts for one or more Janus funds and receive compensation with respect to the analyst role. These factors could create conflicts of interest because a portfolio manager may have incentives to favor certain accounts over others, resulting in the potential for other accounts outperforming the Portfolio. A conflict may also exist if a portfolio manager identifies a limited investment opportunity that may be appropriate for more than one account, but the Portfolio is not able to take full advantage of that opportunity due to the need to allocate that opportunity among multiple accounts. In addition, the portfolio manager may execute transactions for another account that may adversely impact the value of securities held by the Portfolio. However, Janus believes that these conflicts may be mitigated to a certain extent by the fact that accounts with like investment strategies managed by a particular portfolio manager are generally managed in a similar fashion, subject to a variety of exceptions, for example, to account for particular investment restrictions or policies applicable only to certain accounts, certain portfolio holdings that may be transferred in-kind when an account is opened, differences in cash flows and account sizes, and similar factors. In addition, Janus has adopted trade allocation procedures that govern allocation of securities among various Janus accounts.

Compensation

The following describes the structure and method of calculating a portfolio manager's compensation as of December 31, 2013. Portfolio managers and, if applicable, co-portfolio managers ("portfolio manager" or "portfolio managers") are compensated for managing a Fund and any other funds, portfolios or accounts for which they have exclusive or shared responsibilities (collectively, the "Managed Funds") through two components: fixed compensation and variable compensation.

Fixed Compensation: Fixed compensation is paid in cash and is comprised of an annual base salary. The base salary is based on factors such as individual and managed funds performance, the complexity of managing funds, scope of responsibility (including assets under management), skills, knowledge, experience, ability, and market competitiveness.

Variable Compensation: Variable compensation is paid in the form of cash and long-term incentive awards (consisting of a mixture of Janus Capital Group, Inc. restricted stock and a cash-deferred award that is credited with income, gains, and losses based on the performance of Janus mutual fund investments selected by the portfolio manager).

A portfolio manager's variable compensation is discretionary and is determined by Janus management. The overall investment team variable compensation pool is funded by an amount equal to a percentage of Janus' operating income before the payment of incentive compensation. In determining individual awards, both quantitative and qualitative factors are considered. Such factors include, among other things, consistent short-term and long-term fund performance (i.e., one-, three-, and five-year performance), client support and investment team support through the sharing of ideas, leadership, development, mentoring, and teamwork.

Newly hired portfolio managers may have guaranteed minimum compensation levels for limited periods. Portfolio managers who take on new responsibilities or who are transitioning or have transitioned their responsibilities may also have guaranteed minimum compensation levels for limited periods.

Portfolio managers may elect to defer payment of a designated percentage of their fixed compensation and/or up to all of their variable compensation in accordance with Janus Capital Groups, Inc.'s Executive Income Deferral Program.

Ownership of Securities

As of December 31, 2013, the portfolio manager(s) did not beneficially own any shares of the portfolio(s).

Jennison Associates LLC ("Jennison")

Transamerica Jennison Growth VP

Portfolio Manager	Registered Investment Companies		Other Pooled Investment Vehicles		Other Accounts	
	Number	Assets Managed	Number	Assets Managed	Number	Assets Managed
Michael A. Del Balso[1]	11	$15.40 billion	5	$1.64 billion	6	$664 million
Kathleen A. McCarragher	12[2]	$35.31 billion	2	$700 million	20	$4.31 billion
Spiros "Sig" Segalas	14	$38.89 billion	3	$823 million	6	$2.51 billion
Fee Based Accounts (The number of accounts and the total assets in the accounts managed by each portfolio manager with respect to which the advisory fee is based on the performance of the account.)						
Michael A. Del Balso	0	$0	0	$0	0	$0
Kathleen A. McCarragher	2	$2.5 billion	0	$0	0	$0
Spiros "Sig" Segalas	0	$0	0	$0	0	$0

(1) Other Accounts excludes the assets and number of accounts in wrap fee programs that are managed using model portfolios.
(2) Excludes performance fee account(s).

Conflict of Interest

Jennison manages accounts with asset-based fees alongside accounts with performance-based fees. This side-by-side management can create an incentive for Jennison and its investment professionals to favor one account over another. Specifically, Jennison has the incentive to favor accounts for which it receives performance fees, and possibly take greater investment risks in those accounts, in order to bolster performance and increase its fees.

Other types of side-by-side management of multiple accounts can also create incentives for Jennison to favor one account over another. Examples are detailed below, followed by a discussion of how Jennison addresses these conflicts.

- Long only accounts/long-short accounts: Jennison manages accounts in strategies that only hold long securities positions as well as accounts in strategies that are permitted to sell securities short. Jennison may hold a long position in a security in some client accounts while selling the same security short in other client accounts. Jennison permits quantitatively hedged strategies to short securities that are held long in other strategies. Additionally, Jennison permits securities that are held long in quantitatively derived strategies to be shorted by other strategies. The strategies that sell a security short held long by another strategy could lower the price for the security held long. Similarly, if a strategy is purchasing a security that is held short in other strategies, the strategies purchasing the security could increase the price of the security held short.
- Multiple strategies: Jennison may buy or sell, or may direct or recommend that one client buy or sell, securities of the same kind or class that are purchased or sold for another client, at prices that may be different. Jennison may also, at any time, execute trades of securities of the same kind or class in one direction for an account and in the opposite direction for another account, due to differences in investment strategy or client direction. Different strategies effecting trading in the same securities or types of securities may appear as inconsistencies in Jennison's management of multiple accounts side-by-side.
- Affiliated accounts/unaffiliated accounts and seeded/nonseeded accounts and accounts receiving asset allocation assets from affiliated investment advisers: Jennison manages accounts for its affiliates and accounts in which it has an interest alongside unaffiliated accounts. Jennison could have an incentive to favor its affiliated accounts over unaffiliated accounts. Additionally, Jennison's affiliates may provide initial funding or otherwise invest in vehicles managed by Jennison. When an affiliate provides "seed capital" or other capital for a fund, it may do so with the intention of redeeming all or part of its interest at a particular future point in time or when it deems that sufficient additional capital has been invested in that fund. Jennison typically requests seed capital to start a track record for a new strategy or product. Managing "seeded" accounts alongside "non-seeded" accounts can create an incentive to favor the "seeded" accounts to establish a track record for a new strategy or product. Additionally, Jennison's affiliated investment advisers could allocate their asset allocation clients' assets to Jennison. Jennison could favor accounts used by its affiliate for their asset allocation clients to receive more assets from the affiliate.
- Non-discretionary accounts or models: Jennison provides non-discretionary model portfolios to some clients and manages other portfolios on a discretionary basis. The non-discretionary clients may be disadvantaged if Jennison delivers the model investment portfolio to them after Jennison initiates trading for the discretionary clients, or vice versa.
- Higher fee paying accounts or products or strategies: Jennison receives more revenues from (1) larger accounts or client relationships than smaller accounts or client relationships and from (2) managing discretionary accounts than advising

nondiscretionary models and from (3) non-wrap fee accounts than from wrap fee accounts and from (4) charging higher fees for some strategies than others. The differences in revenue that Jennison receives could create an incentive for Jennison to favor the higher fee paying or higher revenue generating account or product or strategy over another.

- Personal interests: The performance of one or more accounts managed by Jennison's investment professionals is taken into consideration in determining their compensation. Jennison also manages accounts that are investment options in its employee benefit plans such as its defined contribution plans or deferred compensation arrangements and where its employees may have personally invested alongside other accounts where there is no personal interest. These factors could create an incentive for Jennison to favor the accounts where it has a personal interest over accounts where Jennison does not have a personal interest.

How Jennison Addresses These Conflicts of Interest

The conflicts of interest described above could create incentives for Jennison to favor one or more accounts or types of accounts over others in the allocation of investment opportunities, time, aggregation and timing of investments. Generally, portfolios in a particular strategy with similar objectives are managed similarly to the extent possible. Accordingly, portfolio holdings and industry and sector exposure tend to be similar across a group of accounts in a strategy that have similar objectives, which tends to minimize the potential for conflicts of interest among accounts within a product strategy. While these accounts have many similarities, the investment performance of each account will be different primarily due to differences in guidelines, individual portfolio manager's decisions, timing of investments, fees, expenses and cash flows.

Additionally, Jennison has developed policies and procedures that seek to address, mitigate and monitor these conflicts of interest.

- Jennison has adopted trade aggregation and allocation procedures that seek to treat all clients (including affiliated accounts) fairly and equitably. These policies and procedures address the allocation of limited investment opportunities, such as initial public offerings (IPOs) and new issues, the allocation of transactions across multiple accounts, and the timing of transactions between its non-wrap accounts and its wrap fee accounts.
- Jennison has policies that limit the ability to short securities in portfolios that primarily rely on its fundamental research and investment processes (fundamental portfolios) if the security is held long in other fundamental portfolios.
- Jennison has adopted procedures to monitor allocations between accounts with performance fees and non-performance fee based accounts and to monitor overlapping long and short positions among long accounts and long-short accounts.
- Jennison has adopted a code of ethics and policies relating to personal trading.

Compensation

Jennison seeks to maintain a highly competitive compensation program designed to attract and retain outstanding investment professionals, which include portfolio managers and research analysts, and to align the interests of its investment professionals with those of its clients and overall firm results. Overall firm profitability determines the total amount of incentive compensation pool that is available for investment professionals. Investment professionals are compensated with a combination of base salary and cash bonus. In general, the cash bonus comprises the majority of the compensation for investment professionals. Jennison sponsors a profit sharing retirement plan for all eligible employees. The contribution to the profit sharing retirement plan for portfolio managers is based on a percentage of the portfolio manager's total compensation, subject to a maximum determined by applicable law. In addition to eligibility to participate in retirement and welfare plans, senior investment professionals, including portfolio managers and senior research analysts, are eligible to participate in a deferred compensation program where all or a portion of the cash bonus can be invested in a variety of predominantly Jennison-managed investment strategies on a tax-deferred basis.

Investment professionals' total compensation is determined through a subjective process that evaluates numerous qualitative and quantitative factors. There is no particular weighting or formula for considering the factors. Some portfolio managers may manage or contribute ideas to more than one product strategy, and the performance of the other product strategies is also considered in determining the portfolio manager's overall compensation. The factors reviewed for the portfolio managers are listed below in order of importance.

The following primary quantitative factor is reviewed for the portfolio managers: one, three, five year and longer pre-tax investment performance of groupings of accounts managed by the portfolio manager in the same strategy (composite) relative to market conditions, pre-determined passive indices and industry peer group data for the product strategy (e.g., large cap growth, large cap value) for which the portfolio manager is responsible.

- Performance for the composite of accounts that includes the Fund managed by the portfolio managers is measured against the Russell 1000 Growth Index.

The qualitative factors reviewed for the portfolio managers may include:

- The quality of the portfolio manager's investment ideas and consistency of the portfolio manager's judgment;
- Historical and long-term business potential of the product strategies;
- Qualitative factors such as teamwork and responsiveness; and

- Individual factors such as years of experience and responsibilities specific to the individual's role such as being a team leader or supervisor are also factored into the determination of an investment professional's total compensation.

Ownership of Securities

As of December 31, 2013, the portfolio managers did not beneficially own any shares of the portfolio

J.P. Morgan Investment Management Inc. ("JP Morgan")

Transamerica JPMorgan Core Bond VP

Portfolio Manager	Registered Investment Companies		Other Pooled Investment Vehicles		Other Accounts	
	Number	Assets Managed	Number	Assets Managed	Number	Assets Managed
Douglas S. Swanson	13	$40.61 billion	8	$10.40 billion	60	$13.35 billion
Fee Based Accounts (The number of accounts and the total assets in the accounts managed by each portfolio manager with respect to which the advisory fee is based on the performance of the account.)						
Douglas S. Swanson	0	$0	0	$0	4	$2.06 billion

Transamerica JPMorgan Enhanced Index VP

Portfolio Manager	Registered Investment Companies		Other Pooled Investment Vehicles		Other Accounts	
	Number	Assets Managed	Number	Assets Managed	Number	Assets Managed
Aryeh Glatter	6	$2.60 billion	1	$71 million	3	$1.27 million
Steven G. Lee	0	$0	0	$0	0	$0
Tim Snyder, CFA	4	$816 million	0	$0	5	$640 million
Raffaele Zingone, CFA	8	$4.77 billion	4	$998 million	11	$5.16 billion
Fee Based Accounts (The number of accounts and the total assets in the accounts managed by each portfolio manager with respect to which the advisory fee is based on the performance of the account.)						
Aryeh Glatter	0	$0	0	$0	0	$0
Steven G. Lee	0	$0	0	$0	0	$0
Tim Snyder, CFA	0	$0	0	$0	0	$0
Raffaele Zingone, CFA	0	$0	0	$0	2	$5.24 billion

Transamerica JPMorgan Mid Cap Value VP

Portfolio Manager	Registered Investment Companies		Other Pooled Investment Vehicles		Other Accounts	
	Number	Assets Managed	Number	Assets Managed	Number	Assets Managed
Gloria Fu, CFA	9	$23.87 billion	2	$934 million	18	$1.97 billion
Lawrence Playford, CFA	9	$23.87 billion	2	$934 million	18	$1.97 billion
Jonathan K. L. Simon	17	$27.22 billion	9	$5.78 billion	21	$2.51 billion
Fee Based Accounts (The number of accounts and the total assets in the accounts managed by each portfolio manager with respect to which the advisory fee is based on the performance of the account.)						
Gloria Fu, CFA	0	$0	0	$0	0	$0
Lawrence Playford, CFA	0	$0	0	$0	0	$0
Jonathan K. L. Simon	0	$0	0	$0	0	$0

Transamerica JPMorgan Tactical Allocation VP

Portfolio Manager	Registered Investment Companies		Other Pooled Investment Vehicles		Other Accounts	
	Number	Assets Managed	Number	Assets Managed	Number	Assets Managed
Anne Lester	27	$30.38 billion	21	$14.10 billion	11	$891 million
Nicole Goldberger	4	$8.45 billion	0	$0	0	$0

Portfolio Manager	Registered Investment Companies		Other Pooled Investment Vehicles		Other Accounts	
	Number	Assets Managed	Number	Assets Managed	Number	Assets Managed
John Speer	0	$0	0	$0	0	$0
Fee Based Accounts (The number of accounts and the total assets in the accounts managed by each portfolio manager with respect to which the advisory fee is based on the performance of the account.)						
Anne Lester	0	$0	0	$0	0	$0
Nicole Goldberger	0	$0	0	$0	0	$0
John Speer	0	$0	0	$0	0	$0

Transamerica Multi-Managed Balanced VP

Portfolio Manager	Registered Investment Companies		Other Pooled Investment Vehicles		Other Accounts	
	Number	Assets Managed	Number	Assets Managed	Number	Assets Managed
Aryeh Glatter	6	$2.53 billion	1	$71 million	3	$1.27 million
Steven G. Lee	0	$0	0	$0	0	$0
Tim Snyder, CFA	4	$744 million	0	$0	5	$640 million
Raffaele Zingone, CFA	8	$4.70 billion	4	$998 million	11	$5.16 billion
Fee Based Accounts (The number of accounts and the total assets in the accounts managed by each portfolio manager with respect to which the advisory fee is based on the performance of the account.)						
Aryeh Glatter	0	$0	0	$0	0	$0
Steven G. Lee	0	$0	0	$0	0	$0
Tim Snyder, CFA	0	$0	0	$0	0	$0
Raffaele Zingone, CFA	0	$0	0	$0	2	$5.24 billion

Conflict of Interest

The potential for conflicts of interest exists when portfolio managers manage other accounts with similar investment objectives and strategies as the Fund (“Similar Accounts”). Potential conflicts may include, for example, conflicts between investment strategies and conflicts in the allocation of investment opportunities.

Responsibility for managing JP Morgan and its affiliates clients’ portfolios is organized according to investment strategies within asset classes. Generally, client portfolios with similar strategies are managed by portfolio managers in the same portfolio management group using the same objectives, approach and philosophy. Underlying sectors or strategy allocations within a larger portfolio are likewise managed by portfolio managers who use the same approach and philosophy as similarly managed portfolios. Therefore, portfolio holdings, relative position sizes and industry and sector exposures tend to be similar across similar portfolios and strategies, which minimize the potential for conflicts of interest.

JPMorgan and/or its affiliates (“JPMorgan Chase”) perform investment services, including rendering investment advice, to varied clients. JPMorgan, JPMorgan Chase and its or their directors, officers, agents, and/or employees may render similar or differing investment advisory services to clients and may give advice or exercise investment responsibility and take such other action with respect to any of its other clients that differs from the advice given or the timing or nature of action taken with respect to another client or group of clients. It is JPMorgan’s policy, to the extent practicable, to allocate, within its reasonable discretion, investment opportunities among clients over a period of time on a fair and equitable basis. One or more of JPMorgan’s other client accounts may at any time hold, acquire, increase, decrease, dispose, or otherwise deal with positions in investments in which another client account may have an interest from time-to-time.

JPMorgan, JPMorgan Chase, and any of its or their directors, partners, officers, agents or employees, may also buy, sell, or trade securities for their own accounts or the proprietary accounts of JPMorgan and/or JPMorgan Chase. JPMorgan and/or JPMorgan Chase, within their discretion, may make different investment decisions and other actions with respect to their own proprietary accounts than those made for client accounts, including the timing or nature of such investment decisions or actions. Further, JPMorgan is not required to purchase or sell for any client account securities that it, JPMorgan Chase, and any of its or their employees, principals, or agents may purchase or sell for their own accounts or the proprietary accounts of JPMorgan, or JPMorgan Chase or its clients.

JP Morgan and/or its affiliates may receive more compensation with respect to certain Similar Accounts than that received with respect to the Fund or may receive compensation based in part on the performance of certain Similar Accounts. This may create a potential conflict of interest for JP Morgan and its affiliates or its portfolio managers by providing an incentive to favor these Similar Accounts when, for example, placing securities transactions. In addition, JP Morgan or its affiliates could be viewed as having a conflict of interest to the extent that JP Morgan or an affiliate has a proprietary investment in Similar Accounts, the portfolio managers have personal investments in Similar Accounts or the Similar Accounts are investment options in JP Morgan's or its affiliate's employee benefit plans. Potential conflicts of interest may arise with both the aggregation and allocation of securities transactions and allocation of investment opportunities because of market factors or investment restrictions imposed upon JP Morgan and its affiliates by law, regulation, contract or internal policies. Allocations of aggregated trades, particularly trade orders that were only partially completed due to limited availability and allocation of investment opportunities generally, could raise a potential conflict of interest, as JP Morgan or its affiliates may have an incentive to allocate securities that are expected to increase in value to favored accounts. Initial public offerings, in particular, are frequently of very limited availability. JP Morgan and its affiliates may be perceived as causing accounts they manages to participate in an offering to increase JP Morgan's or its affiliates' overall allocation of securities in that offering.

A potential conflict of interest also may be perceived to arise if transactions in one account closely follow related transactions in a different account, such as when a purchase increases the value of securities previously purchased by another account, or when a sale in one account lowers the sale price received in a sale by a second account. If JP Morgan or its affiliates manage accounts that engage in short sales of securities of the type in which the Fund invests, JP Morgan or its affiliates could be seen as harming the performance of the Fund for the benefit of the accounts engaging in short sales if the short sales cause the market value of the securities to fall.

As an internal policy matter, JP Morgan may from time to time maintain certain overall investment limitations on the securities positions or positions in other financial instruments JP Morgan or its affiliates will take on behalf of its various clients due to, among other things, liquidity concerns and regulatory restrictions. Such policies may preclude a Fund from purchasing particular securities or financial instruments, even if such securities or financial instruments would otherwise meet the Fund's objectives.

The goal of JP Morgan and its affiliates is to meet their fiduciary obligation with respect to all clients. JP Morgan and its affiliates have policies and procedures that seek to manage conflicts. JP Morgan and its affiliates monitor a variety of areas, including compliance with fund guidelines, review of allocation decisions and compliance with JP Morgan's Codes of Ethics and JPMC's Code of Conduct. With respect to the allocation of investment opportunities, JP Morgan and its affiliates also have certain policies designed to achieve fair and equitable allocation of investment opportunities among its clients over time. For example:

Orders for the same equity security are aggregated on a continual basis throughout each trading day consistent with JP Morgan's duty of best execution for its clients. If aggregated trades are fully executed, accounts participating in the trade will be allocated their pro rata share on an average price basis. Partially completed orders generally will be allocated among the participating accounts on a pro-rata average price basis, subject to certain limited exceptions. For example, accounts that would receive a de minimis allocation relative to their size may be excluded from the order. Another exception may occur when thin markets or price volatility require that an aggregated order be completed in multiple executions over several days. If partial completion of the order would result in an uneconomic allocation to an account due to fixed transaction or custody costs, JP Morgan or its affiliates may exclude small orders until 50% of the total order is completed. Then the small orders will be executed. Following this procedure, small orders will lag in the early execution of the order, but will be completed before completion of the total order.

Purchases of money market instruments and fixed income securities cannot always be allocated pro rata across the accounts with the same investment strategy and objective. However, JP Morgan and its affiliates attempt to mitigate any potential unfairness by basing non-pro rata allocations traded through a single trading desk or system upon objective predetermined criteria for the selection of investments and a disciplined process for allocating securities with similar duration, credit quality and liquidity in the good faith judgment of JP Morgan or its affiliates so that fair and equitable allocation will occur over time.

Compensation

JP Morgan Portfolio managers participate in a competitive compensation program that is designed to attract and retain outstanding people and closely link the performance of investment professionals to client investment objectives. The total compensation program includes a base salary fixed from year to year and a variable performance bonus consisting of cash incentives and restricted stock and may include mandatory notional investments (as described below) in selected mutual funds advised by JP Morgan. These elements reflect individual performance and the performance of JP Morgan's business as a whole.

Each portfolio manager's performance is formally evaluated annually based on a variety of factors including the aggregate size and blended performance of the portfolios such portfolio manager manages. Individual contribution relative to client goals carries the highest impact. Portfolio manager compensation is primarily driven by meeting or exceeding clients' risk and return objectives, relative performance to competitors or competitive indices and compliance with firm policies and regulatory requirements. In evaluating each portfolio manager's performance with respect to the mutual funds he or she manages, the funds' pre-tax performance is compared to the appropriate market peer group and to each fund's benchmark index listed in the fund's prospectus over one, three and five year periods (or such shorter time as the portfolio manager has managed the fund). Investment performance is generally more heavily weighted to the long term.

Awards of restricted stock are granted as part of an employee's annual performance bonus and comprise from 0% to 40% of a portfolio manager's total bonus. As the level of incentive compensation increases, the percentage of compensation awarded in restricted stock also increases. Up to 50% of the restricted stock portion of a portfolio manager's bonus may instead be subject to a mandatory notional investment in selected mutual funds advised by JP Morgan or its affiliates. When these awards vest over time, the portfolio manager receives cash equal to the market value of the notional investment in the selected mutual funds.

Ownership of Securities

As of December 31, 2013, the portfolio manager(s) did not beneficially own any shares of the portfolios.

QS Legg Mason Global Asset Allocation, LLC ("LMGAA")

Transamerica Legg Mason Dynamic Allocation – Balanced VP

	Registered Investment Companies		Other Pooled Investment Vehicles		Other Accounts	
Portfolio Manager	**Number**	**Assets Managed**	**Number**	**Assets Managed**	**Number**	**Assets Managed**
Y. Wayne Lin*	20	$ 3.3 billion	3	$ 126.8 million	3	$ 1.5 million
Thomas Picciochi**	0	$ 0	4	$ 1.1 billion	2	$ 118.3 million
Ellen Tesler**	0	$ 0	4	$ 1.1 billion	2	$ 118.3 million
Fee Based Accounts (The number of accounts and the total assets in the accounts managed by each portfolio manager with respect to which the advisory fee is based on the performance of the account.)						
Y. Wayne Lin*	0	$0	0	$0	0	$0
Thomas Picciochi**	0	$0	0	$0	0	$0
Ellen Tesler**	0	$0	0	$0	0	$0

Transamerica Legg Mason Dynamic Allocation – Growth VP

	Registered Investment Companies		Other Pooled Investment Vehicles		Other Accounts	
Portfolio Manager	**Number**	**Assets Managed**	**Number**	**Assets Managed**	**Number**	**Assets Managed**
Y. Wayne Lin*	20	$ 3.3 billion	3	$ 126.8 million	3	$ 1.5 million
Thomas Picciochi**	0	$ 0	4	$ 1.1 billion	2	$ 118.3 million
Ellen Tesler**	0	$ 0	4	$ 1.1 billion	2	$ 118.3 million
Fee Based Accounts (The number of accounts and the total assets in the accounts managed by each portfolio manager with respect to which the advisory fee is based on the performance of the account.)						
Y. Wayne Lin*	0	$0	0	$0	0	$0
Thomas Picciochi**	0	$0	0	$0	0	$0
Ellen Tesler**	0	$0	0	$0	0	$0

* As of December 31, 2013
** As of March 31, 2014

Conflicts of Interest

Potential Conflicts of Interest

LMGAA maintains policies and procedures reasonably designed to detect and minimize material conflicts of interest inherent in circumstances when a portfolio manager has day-to-day portfolio management responsibilities for multiple portfolios. Nevertheless, no set of policies and procedures can possibly anticipate or relieve all potential conflicts of interest. These conflicts may be real, potential, or perceived; certain of these conflicts are described in detail below.

Allocation of Limited Investment Opportunities: If a portfolio manager identifies a limited investment opportunity (including initial public offerings) that may be suitable for multiple funds and/or accounts, the investment opportunity may be allocated among these several funds or accounts, which may limit a client's ability to take full advantage of the investment opportunity, due to liquidity constraints or other factors.

LMGAA has adopted trade allocation procedures designed to ensure that allocations of limited investment opportunities are conducted in a fair and equitable manner between client accounts. Nevertheless, investment opportunities may be allocated differently among client accounts due to the particular characteristics of an account, such as the size of the account, cash position, investment guidelines and restrictions or its sector/country/region exposure or other risk controls, market restrictions or for other reasons.

Similar Investment Strategies. LMGAA and its portfolio management team may manage multiple portfolios with similar investment strategies. Investment decisions for each portfolio are generally made based on each portfolio's investment objectives and guidelines, cash availability, and current holdings. Purchases or sales of securities for the portfolios may be appropriate for other portfolios with like objectives and may be bought or sold in different amounts and at different times in multiple portfolios. In these cases, transactions are allocated to portfolios in a manner believed by LMGAA to be the most equitable to each client, generally utilizing a pro rata allocation methodology. Purchase and sale orders for a portfolio may be combined with those of other portfolios in the interest of achieving the most favorable net results for all clients.

Different Investment Strategies. LMGAA may manage long-short strategies alongside long-only strategies. As such, the potential exists for short sales of securities in certain portfolios while the same security is held long in one or more other portfolios. In an attempt to mitigate the inherent risks of simultaneous management of long-short and long-only strategies, LMGAA has established and implemented procedures to promote fair and equitable treatment of all portfolios. The procedures include monitoring and surveillance, supervisory reviews, and compliance oversight of short sale activity.

Differences in Financial Incentives. A conflict of interest may arise where the financial or other benefits available to a portfolio manager or an investment adviser differ among the funds and/or accounts under management. For example, when the structure of an investment adviser's management fee differs among the funds and/or accounts under its management (such as where certain funds or accounts pay higher management fees or performance-based management fees), a portfolio manager might be motivated to favor certain funds and/or accounts over others. Performance-based fees could also create an incentive for an investment adviser to make investments that are riskier or more speculative. In addition, a portfolio manager might be motivated to favor funds and/or accounts in which he or she or the investment adviser and/or its affiliates have a financial interest. Similarly, the desire to maintain or raise assets under management or to enhance the portfolio manager's performance record in a particular investment strategy or to derive other rewards, financial or otherwise, could influence a portfolio manager to lend preferential treatment to those funds and/or accounts that could most significantly benefit the portfolio manager. To manage conflicts that may arise from management of portfolios with performance-based fees, performance in portfolios with like strategies is regularly reviewed by management.

Investment professionals employed by LMGAA may manage personal accounts in which they have a fiduciary interest with holdings similar to those of client accounts. LMGAA has implemented a Code of Ethics which is designed to address the possibility that these professionals could place their own interests ahead of those of clients. The Code of Ethics addresses this potential conflict of interest by imposing reporting requirements, blackout periods, supervisory oversight and other measures designed to reduce conflict.

LMGAA allows its employees to trade in securities that it recommends to advisory clients. LMGAA's employees may buy, hold or sell securities at or about the same time that LMGAA is purchasing, holding or selling the same or similar securities for client account portfolios and the actions taken by such individuals on a personal basis may differ from, or be inconsistent with, the nature and timing of advice or actions taken by LMGAA for its client accounts. LMGAA and its employees may also invest in mutual funds and other pooled investment vehicles that are managed by LMGAA. This may result in a potential conflict of interest since LMGAA's employees have knowledge of such funds' investment holdings, which is non-public information.

Portfolio Manager Compensation

LMGAA investment professionals receive base salary and other employee benefits and are eligible to receive incentive compensation. Base salary is fixed and typically determined based on market factors and the skill and experience of individual investment personnel.

The level of incentive compensation is determined by the senior management of Legg Mason and is awarded on a discretionary basis. A formula-based scheme directly linking compensation to investment performance as measured against a benchmark is not currently in place nor is one planned; however, senior management considers a number of factors when determining compensation, including (but not limited to) the performance of LMGAA's funds relative to their benchmarks and to their relevant peer groups over a 1, 3 and 5-year period.

Up to 20% of an investment professional's annual incentive compensation is subject to deferral. Of that principal deferred award amount, 50% will accrue a return based on the hypothetical returns of the investment fund or product that is the primary focus of the investment professional's business activities with LMGAA, and 50% may be received in the form of Legg Mason restricted stock shares.

In May 2015, the compensation structure with respect to Mr. Lin will change to the structure described below.

For Mr. Thomas Picciochi and Ms. Ellen Tesler, who are being named portfolio managers for the Transamerica/Legg Mason funds effective May 30, 2014 (and for Mr. Lin effective May 2015), they will be compensated under the policies set forth below:

Portfolio managers will be eligible for total compensation comprised of base salary and variable compensation.

Base Salary. Base salary is the fixed portion of the portfolio manager compensation and is linked to professional experience and qualifications and financial services industry peer comparison.

Variable Compensation. Variable compensation for portfolio managers will be linked to the metrics for which they have responsibility; checking and implementing quantitative model output, minimizing transaction costs and market impact, monitoring client portfolios for appropriate market risk and ensuring adherence to regulatory and investment guidelines. Portfolio manager compensation is not tied to peer group and/or relative benchmark performance. The qualitative analysis of a portfolio manager's individual performance is based on, among other things, the results of an annual management and internal peer review process, and management's assessment of overall portfolio manager contributions to the investment team, the investment process and overall performance (distinct from fund and other account performance). Other factors taken into consideration include adherence to Compliance Policies and Procedures, Risk Management procedures and the firm's Code of Ethics.

Ownership of Securities

The portfolio manager(s) did not beneficially own any shares of the portfolio(s) as of December 31, 2013 for Mr. Lin and March 31, 2014 for Mr. Picciochi and Ms. Tesler.

Madison Asset Management, LLC ("Madison")

Transamerica Madison Balanced Allocation VP
Transamerica Madison Conservative Allocation VP

Portfolio Manager	Registered Investment Companies		Other Pooled Investment Vehicles		Other Accounts	
	Number	Assets Managed	Number	Assets Managed	Number	Assets Managed
David S. Hottmann, CFA	10	$1.27 billion	0	$0	6,628	$1.37 billion
Patrick F. Ryan, CFA	10	$1.27 billion	0	$0	6,628	$1.37 billion
Fee Based Accounts (The number of accounts and the total assets in the accounts managed by each portfolio manager with respect to which the advisory fee is based on the performance of the account.)						
David S. Hottmann, CFA	0	$0	0	$0	0	$0
Patrick F. Ryan, CFA	0	$0	0	$0	0	$0

Transamerica Madison Diversified Income VP

Portfolio Manager	Registered Investment Companies		Other Pooled Investment Vehicles		Other Accounts	
	Number	Assets Managed	Number	Assets Managed	Number	Assets Managed
John Brown, CFA	5	$1.36 billion	0	$0	2,598	$1.28 billion
Paul Lefurgey, CFA	8	$1.11 billion	0	$0	8,299	$4.33 billion
Chris Nisbet, CFA	6	$754.50 million	0	$0	8,299	$4.33 billion
Fee Based Accounts (The number of accounts and the total assets in the accounts managed by each portfolio manager with respect to which the advisory fee is based on the performance of the account.)						
John Brown, CFA	0	$0	0	$0	0	$0
Paul Lefurgey, CFA	0	$0	0	$0	0	$0
Chris Nisbet, CFA	0	$0	0	$0	0	$0

Conflict of Interest

Potential conflicts of interest may arise because Madison engages in portfolio management activities for clients other than the funds. For example, portfolio managers at Madison and its affiliates typically manage multiple accounts. These accounts may include, among others, mutual funds, separate accounts (assets managed on behalf of wealthy individuals as well as institutions such as pension funds, colleges and universities, insurance companies and foundations), subadvised accounts that we manage for other investment advisers and model accounts for which we only provide recommendations to our clients and do not have discretion to actually trade the accounts.

Our portfolio managers make investment decisions for each portfolio based on the investment objectives, policies, practices, and other relevant investment considerations that the managers believe are applicable to that portfolio. Consequently, portfolio managers may purchase (or sell) securities for one portfolio and not another portfolio. Likewise, we may purchase securities for one portfolio and sell the same security from another. To address the potential conflicts that occur as a result, Madison adopted a variety of portfolio security aggregation, brokerage and trade allocation policies which are designed to provide reasonable assurance that buy and sell opportunities are allocated fairly among clients. Likewise, Madison has policies to address "cross selling" from one account to another. In this manner, we seek to address any potential conflicts associated with managing multiple accounts for multiple clients. Also, as disclosed under the "Compensation" section, below, our portfolio managers' compensation is determined in the same manner with respect to all portfolios managed by the portfolio manager.

Compensation

Madison believes investment professionals should receive compensation for the performance of the firm's client accounts, their individual effort, and the overall profitability of the firm. As such, investment professionals receive a base salary, as well as an incentive bonus based on the attainment of certain goals and objectives in the portfolio management process (described below). The manager also participates in the overall profitability of the firm directly, through an ownership interest in the firm, or indirectly, through a firm-sponsored profit sharing plan. Madison believes its portfolio managers' goals are aligned with those of long-term investors, recognizing client goals to outperform over the long-term, rather than focused on short-term performance contests.

With regard to incentive compensation, the incentive pools for the asset allocation, equity and fixed income teams are calculated based on a percentage of revenue from each investment strategy. Managers are rewarded for performance relative to their benchmark(s) over both one and three year periods (measured on a pre-tax basis). Incentive compensation earned is paid out over a three year period, so that if a portfolio manager leaves the employ of Madison, he or she forfeits a percentage of his or her incentive compensation. The purpose of this structured payout is to aid in the retention of investment personnel. All incentive compensation must be approved by the compensation committee. All investment professionals are eligible to participate in the incentive compensation pool.

The incentive compensation pool shared by the members of the firm's asset allocation and equity management teams is based on the performance of the firm's various asset allocation and equity composites (or some combination of such composites and the relevant mutual fund(s)) measured against the appropriate index benchmarks. All firm asset allocation and equity accounts, including mutual funds, regardless of whether they are included in such composites, are managed with the same general investment philosophy, approach and applicable allocations, quality and other portfolio characteristics.

The incentive compensation pool shared by the members of the firm's fixed-income management team is based on the performance of the firm's various fixed-income composites measured against the appropriate index benchmarks. All firm fixed income accounts, including mutual funds, regardless of whether they are included in such composites, are managed with the same general investment philosophy, approach and applicable allocations regarding duration, spreads and other fixed-income characteristics. Incentive compensation is not earned for performance below 0.25% of an applicable benchmark and the compensation pool is generally fully paid for performance exceeding 0.75% of an applicable benchmark.

There is no difference in terms of the way the firm compensates portfolio managers for managing a mutual fund or a private client account (or any other type of account for that matter). Instead, compensation is based on the entire employment relationship, not based on the performance of any single account or type of account.

Ownership of Securities

As of December 31, 2013, the portfolio managers did not beneficially own any shares of the portfolios.

MFS® Investment Management ("MFS")

Transamerica MFS International Equity VP

	Registered Investment Companies		Other Pooled Investment Vehicles		Other Accounts	
Portfolio Manager	**Number**	**Assets Managed**	**Number**	**Assets Managed**	**Number**	**Assets Managed**
Daniel Ling	10	$14.1 billion	3	$2.0 billion	26	$6.7 billion
Marcus L. Smith	11	$14.3 billion	5	$2.4 billion	34	$8.6 billion
Fee Based Accounts* (The number of accounts and the total assets in the accounts managed by each portfolio manager with respect to which the advisory fee is based on the performance of the account.)						
Daniel Ling	0	$0	0	$0	1	$740.6 million
Marcus L. Smith	0	$0	0	$0	1	$740.6 million

* Performance fees for any particular account are paid to MFS, not the portfolio manager, and the portfolio manager's compensation is not determined by reference to the level of performance fees received by MFS.

Conflict of Interest

MFS seeks to identify potential conflicts of interest resulting from a portfolio manager's management of both the Portfolio and other accounts, and has adopted policies and procedures designed to address such potential conflicts.

The management of multiple funds and accounts (including proprietary accounts) gives rise to potential conflicts of interest if the funds and accounts have different objectives and strategies, benchmarks, time horizons and fees as a portfolio manager must allocate his or her time and investment ideas across multiple funds and accounts. In certain instances there are securities which are suitable for the Portfolio as well as for accounts of MFS or its subsidiaries with similar investment objectives. MFS trade allocation policies may give rise to conflicts of interest if the Portfolio's orders do not get fully executed or are delayed in getting executed due to being aggregated with those of other accounts of MFS or its subsidiaries. A portfolio manager may execute transactions for another fund or account that may adversely affect the value of the Portfolio's investments. Investments selected for funds or accounts other than the Portfolio may outperform investments selected for the Portfolio.

When two or more clients are simultaneously engaged in the purchase or sale of the same security, the securities are allocated among clients in a manner believed by MFS to be fair and equitable to each. It is recognized that in some cases this system could have a detrimental effect on the price or volume of the security as far as the Portfolio is concerned. In most cases, however, MFS believes that the Portfolio's ability to participate in volume transactions will produce better executions for the Portfolio.

MFS and/or a portfolio manager may have a financial incentive to allocate favorable or limited opportunity investments or structure the timing of investments to favor accounts other than the fund, for instance, those that pay a higher advisory fee and/or have a performance adjustment and/or include an investment by the portfolio manager.

Compensation

Portfolio manager compensation is reviewed annually. As of December 31, 2013, the MFS portfolio managers' total cash compensation is a combination of base salary and performance bonus:

- **Base Salary –** Base salary represents a smaller percentage of portfolio manager total cash compensation than performance bonus.
- **Performance Bonus –** Generally, the performance bonus represents more than a majority of portfolio manager total cash compensation.

The performance bonus is based on a combination of quantitative and qualitative factors, generally with more weight given to the former and less weight given to the latter.

The quantitative portion is based on the pre-tax performance of assets managed by the portfolio manager over one-, three-, and five-year periods relative to peer group universes and/or indices ("benchmarks"). As of December 31, 2013, the following benchmarks were used to measure the following portfolio managers' performance for the portfolio:

Portfolio Manager	Benchmark(s)
Daniel Ling	MSCI EAFE (Europe, Australia, Far East) Index
Marcus L. Smith	MSCI EAFE (Europe Australia, Far East) Index

Additional or different benchmarks, including versions of indices, custom indices, and linked indices that combine performance of different indices for different portions of the time period, may also be used. Primary weight is given to portfolio performance over a three-year time period with lesser consideration given to portfolio performance over one-and five-year periods (adjusted as appropriate if the portfolio manager has served for less than five years).

The qualitative portion is based on the results of an annual internal peer review process (conducted by other portfolio managers, analysts, and traders) and management's assessment of overall portfolio manager contributions to investor relations and the investment process (distinct from fund and other account performance). This performance bonus may be in the form of cash and/or a deferred cash award, at the discretion of management. A deferred cash award is issued for a cash value and becomes payable over a three-year vesting period if the portfolio manager remains in the continuous employ of MFS or its affiliates. During the vesting period, the value of the unfunded deferred cash award will fluctuate as though the portfolio manager had invested the cash value of the award in an MFS Fund(s) selected by the portfolio manager. A selected fund may be, but is not required to be, a fund that is managed by the portfolio manager. Portfolio managers also typically benefit from the opportunity to participate in the MFS Equity Plan. Equity interests and/or options to acquire equity interests in MFS or its parent company are awarded by management, on a discretionary basis, taking into account tenure at MFS, contribution to the investment process, and other factors.

Finally, portfolio managers also participate in benefit plans (including a defined contribution plan and health and other insurance plans) and programs available generally to other employees of MFS. The percentage such benefits represent of any portfolio manager's compensation depends upon the length of the individual's tenure at MFS and salary level, as well as other factors.

Ownership of Securities

As of December 31, 2013, the portfolio manager(s) did not beneficially own any shares of the portfolio(s).

Milliman Financial Risk Management LLC

Transamerica BlackRock Global Allocation Managed Risk – Balanced VP

Portfolio Manager	Registered Investment Companies		Other Pooled Investment Vehicles		Other Accounts	
	Number	Assets Managed	Number	Assets Managed	Number	Assets Managed
Adam Schenck, CFA*	6	$6.1 billion	1	$247 million	0	$0

Portfolio Manager	Registered Investment Companies		Other Pooled Investment Vehicles		Other Accounts	
	Number	Assets Managed	Number	Assets Managed	Number	Assets Managed
Fee Based Accounts (The number of accounts and the total assets in the accounts managed by each portfolio manager with respect to which the advisory fee is based on the performance of the account.)						
Adam Schenck, CFA*	0	$0	0	$0	0	$0

Transamerica BlackRock Global Allocation Managed Risk – Growth VP

Portfolio Manager	Registered Investment Companies		Other Pooled Investment Vehicles		Other Accounts	
	Number	Assets Managed	Number	Assets Managed	Number	Assets Managed
Adam Schenck, CFA*	6	$6.1 billion	1	$247 million	0	$0
Fee Based Accounts (The number of accounts and the total assets in the accounts managed by each portfolio manager with respect to which the advisory fee is based on the performance of the account.)						
Adam Schenck, CFA*	0	$0	0	$0	0	$0

* As of September 30, 2014.

Conflicts of Interest

The Sub-Adviser has not identified any material conflicts between the Portfolios and other accounts managed by the Sub-Adviser and its portfolio managers. However, actual or apparent conflicts of interest may arise in connection with the day-to-day management of the Portfolios and other accounts because the portfolio managers manage other accounts. The management of the Portfolios and other accounts may result in unequal time and attention being devoted to the Portfolios and other accounts. Another potential conflict of interest may arise where another account has the same investment objective as the Portfolios, whereby the portfolio managers could favor one account over another. Further, a potential conflict could include the portfolio managers' knowledge about the size, timing and possible market impact of Portfolios' trades, whereby they could use this information to the advantage of other accounts and to the disadvantage of the Portfolios. These potential conflicts of interest could create the appearance that the portfolio managers are favoring one investment vehicle over another.

Compensation Overview

Portfolio managers are paid competitive salaries by the Sub-Adviser. Portfolio managers may receive bonuses based on qualitative considerations, such as an individual's contribution to the organization, and performance reviews in relation to job responsibilities. Bonuses paid to the portfolio managers are also based in part on the profitability of the investment adviser. Investment professionals may participate in profit-sharing plans.

Ownership of Securities

As of November 10, 2014, the portfolio manager did not beneficially own any shares of the portfolio(s).

Morgan Stanley Investment Management Inc. ("Morgan Stanley")

Transamerica Morgan Stanley Capital Growth VP

Portfolio Manager	Registered Investment Companies		Other Pooled Investment Vehicles		Other Accounts	
	Number	Assets Managed	Number	Assets Managed	Number	Assets Managed
Dennis P. Lynch	26	$21.71 billion	6	$7.06 billion	12	$2.21 billion
David S. Cohen	26	$21.71 billion	6	$7.06 billion	12	$2.21 billion
Sam G. Chainani, CFA	26	$21.71 billion	6	$7.06 billion	12	$2.21 billion
Alexander T. Norton	26	$21.71 billion	6	$7.06 billion	12	$2.21 billion
Jason C. Yeung, CFA	26	$21.71 billion	6	$7.06 billion	12	$2.21 billion
Armistead B. Nash	26	$21.71 billion	6	$7.06 billion	12	$2.21 billion
Fee Based Accounts (The number of accounts and the total assets in the accounts managed by each portfolio manager with respect to which the advisory fee is based on the performance of the account.)						
Dennis P. Lynch	0	$0	0	$0	2	$593 million
David S. Cohen	0	$0	0	$0	2	$593 million
Sam G. Chainani, CFA	0	$0	0	$0	2	$593 million
Alexander T. Norton	0	$0	0	$0	2	$593 million
Jason C. Yeung, CFA	0	$0	0	$0	2	$593 million
Armistead B. Nash	0	$0	0	$0	2	$593 million

Transamerica Morgan Stanley Mid-Cap Growth VP

Portfolio Manager	Registered Investment Companies		Other Pooled Investment Vehicles		Other Accounts	
	Number	Assets Managed	Number	Assets Managed	Number	Assets Managed
Dennis P. Lynch	26	$21.71 billion	6	$7.06 billion	12	$2.21 billion
David S. Cohen	26	$21.71 billion	6	$7.06 billion	12	$2.21 billion
Sam G. Chainani, CFA	26	$21.71 billion	6	$7.06 billion	12	$2.21 billion
Alexander T. Norton	26	$21.71 billion	6	$7.06 billion	12	$2.21 billion
Jason C. Yeung, CFA	26	$21.71 billion	6	$7.06 billion	12	$2.21 billion
Armistead B. Nash	26	$21.71 billion	6	$7.06 billion	12	$2.21 billion
Fee Based Accounts (The number of accounts and the total assets in the accounts managed by each portfolio manager with respect to which the advisory fee is based on the performance of the account.)						
Dennis P. Lynch	0	$0	0	$0	2	$593 million
David S. Cohen	0	$0	0	$0	2	$593 million
Sam G. Chainani, CFA	0	$0	0	$0	2	$593 million
Alexander T. Norton	0	$0	0	$0	2	$593 million
Jason C. Yeung, CFA	0	$0	0	$0	2	$593 million
Armistead B. Nash	0	$0	0	$0	2	$593 million

Conflict of Interest

Because the portfolio managers may manage assets for other investment companies, pooled investment vehicles, and/or other accounts (including institutional clients, pension plans and certain high net worth individuals), there may be an incentive to favor one client over another resulting in conflicts of interest. For instance, the sub-adviser may receive fees from certain accounts that are higher than the fee it receives from the fund, or it may receive a performance-based fee on certain accounts. In those instances, the portfolio managers may have an incentive to favor the higher and/or performance-based fee accounts over the fund. In addition, a conflict of interest could exist to the extent the sub-adviser has proprietary investments in certain accounts, where portfolio managers have personal investments in certain accounts or when certain accounts are investment options in the sub-adviser's employee benefits and/or deferred compensation plans. The portfolio manager may have an incentive to favor these accounts over others. If the sub-adviser manages accounts that engage in short sales of securities of the type in which the fund invests, the sub-adviser could be seen as harming the performance of the fund for the benefit of the accounts engaging in short sales if the short sales cause the market value of the securities to fall. The sub-adviser has adopted trade allocation and other policies and procedures that it believes are reasonably designed to address these and other conflicts of interest.

Compensation

Portfolio Manager Compensation Structure

Morgan Stanley's compensation structure is based on a total reward system of base salary and Incentive Compensation which is paid partially as a cash bonus and partially as mandatory deferred compensation. Deferred compensation may be granted as deferred cash under the Adviser's Investment Management Alignment Plan ("IMAP"), as an equity-based awards or it may be granted under other plans as determined annually by Morgan Stanley's Compensation, Management Development and Succession Committee subject to vesting and other conditions.

Base salary compensation. Generally, portfolio managers receive base salary compensation based on the level of their position with the Adviser.

Incentive compensation. In addition to base compensation, portfolio managers may receive discretionary year-end compensation.

Incentive compensation may include:

Cash Bonus.

Deferred Compensation:

A mandatory program that defers a portion of incentive compensation into restricted stock units or other awards based on Morgan Stanley common stock or other plans that are subject to vesting and other conditions.

IMAP is a mandatory program that defers a portion of incentive compensation and notionally invests it in designated funds advised by the Adviser or its affiliates. The award is subject to vesting and other conditions. Portfolio managers must notionally invest a minimum of 25% to a maximum of 100% of their IMAP deferral account into a combination of the designated funds they manage that are included in the IMAP fund menu, which may or may not include one of the Portfolios.

All deferred compensation awards are subject to clawback provisions where awards can be cancelled, in whole or in part, if an employee takes any action, or omits to take any action which; causes a restatement of Morgan Stanley's consolidated financial results; constitutes a violation by the portfolio manager of Morgan Stanley's Global Risk Management Principles, Policies and Standards; or constitutes violation of internal risk and control policies involving a subsequent loss.

Several factors determine discretionary compensation, which can vary by portfolio management team and circumstances. These factors include:

Revenues generated by the investment companies, pooled investment vehicles and other accounts managed by the portfolio manager.

The investment performance of the funds/accounts managed by the portfolio manager.

Contribution to the business objectives of the Adviser.

The dollar amount of assets managed by the portfolio manager.

Market compensation survey research by independent third parties.

Other qualitative factors, such as contributions to client objectives.

Performance of Morgan Stanley and Morgan Stanley Investment Management, and the overall performance of the investment team(s) of which the portfolio manager is a member.

Ownership of Securities

As of December 31, 2013, none of the portfolio manager(s) beneficially owned any equity securities in the portfolios that they manage.

Pacific Investment Management Company LLC ("PIMCO")

Transamerica PIMCO Tactical - Balanced VP

Portfolio Manager	Registered Investment Companies		Other Pooled Investment Vehicles		Other Accounts	
	Number	Assets Managed	Number	Assets Managed	Number	Assets Managed
Vineer Bhansali	29	$16.23 billion	22	$6.31 billion	23	$5.06 billion
Josh Thimons	4	$287.37 million	4	$2.11 billion	5	$516.96 million
Fee Based Accounts (The number of accounts and the total assets in the accounts managed by each portfolio manager with respect to which the advisory fee is based on the performance of the account.)						
Vineer Bhansali	0	$0	1	$45.32 million	1	$4.64 million
Josh Thimons	0	$0	1	$520.71 million	1	$168.47 million

Transamerica PIMCO Tactical - Conservative VP

Portfolio Manager	Registered Investment Companies		Other Pooled Investment Vehicles		Other Accounts	
	Number	Assets Managed	Number	Assets Managed	Number	Assets Managed
Vineer Bhansali	29	$16.23 billion	22	$6.31 billion	23	$5.06 billion
Josh Thimons	4	$287.37 million	4	$2.11 billion	5	$516.96 million
Fee Based Accounts (The number of accounts and the total assets in the accounts managed by each portfolio manager with respect to which the advisory fee is based on the performance of the account.)						
Vineer Bhansali	0	$0	1	$45.32 million	1	$4.64 million
Josh Thimons	0	$0	1	$520.71 million	1	$168.47 million

Transamerica PIMCO Tactical - Growth VP

Portfolio Manager	Registered Investment Companies		Other Pooled Investment Vehicles		Other Accounts	
	Number	Assets Managed	Number	Assets Managed	Number	Assets Managed
Vineer Bhansali	29	$16.23 billion	22	$6.31 billion	23	$5.06 billion
Josh Thimons	4	$287.37 million	4	$2.11 billion	5	$516.96 million
Fee Based Accounts (The number of accounts and the total assets in the accounts managed by each portfolio manager with respect to which the advisory fee is based on the performance of the account.)						
Vineer Bhansali	0	$0	1	$45.32 million	1	$4.64 million
Josh Thimons	0	$0	1	$520.71 million	1	$168.47 million

Transamerica PIMCO Total Return VP

Portfolio Manager	Registered Investment Companies		Other Pooled Investment Vehicles		Other Accounts	
	Number	Assets Managed	Number	Assets Managed	Number	Assets Managed
Scott Mather	38	$316.66 billion	50	$41.64 billion	83	$34.25 billion
Mark Kiesel	35	$326.96 billion	51	S65.71 billion	141	$72.77 billion
Mihir Worah	56	$338.16 billion	35	$30.59 billion	55	$31.88 billion
Fee Based Accounts (The number of accounts and the total assets in the accounts managed by each portfolio manager with respect to which the advisory fee is based on the performance of the account.)						
Scott Mather	0	$0	3	$1.09 billion	13	$6.24 billion
Mark Kiesel	0	$0	8	$6.16 billion	14	$4.73 billion
Mihir Worah	0	$0	1	$161 million	7	$1.51 billion

Conflict of Interest

From time to time, potential and actual conflicts of interest may arise between a portfolio manager's management of the investments of a portfolio on the one hand, and the management of other accounts, on the other. Potential and actual conflicts of interest may also arise as a result of PIMCO other business activities and PIMCO's possession of material non-public information about an issuer. Other accounts managed by a portfolio manager might have similar investment objectives or strategies a portfolio, or otherwise hold, purchase, or sell securities that are eligible to be held, purchased or sold by the portfolios. The other accounts might also have different investment objectives or strategies than the portfolios.

Knowledge and Timing of Fund Trades: A potential conflict of interest may arise as a result of the portfolio manager's day-to-day management of a portfolio. Because of their positions with the portfolios, the portfolio managers know the size, timing and possible market impact of a portfolio's trades. It is theoretically possible that the portfolio managers could use this information to the advantage of other accounts they manage and to the possible detriment of a portfolio.

Investment Opportunities: A potential conflict of interest may arise as a result of the portfolio manager's management of a number of accounts with varying investment guidelines. Often, an investment opportunity may be suitable for both a portfolio and other accounts managed by the portfolio manager, but may not be available in sufficient quantities for both the portfolio and the other accounts to participate fully. Similarly, there may be limited opportunity to sell an investment held by a portfolio and another account. PIMCO has adopted policies and procedures reasonably designed to allocate investment opportunities on a fair and equitable basis over time.

Under PIMCO's allocation procedures, investment opportunities are allocated among various investment strategies based on individual account investment guidelines and PIMCO's investment outlook. PIMCO has also adopted additional procedures to complement the general trade allocation policy that are designed to address potential conflicts of interest due to the side-by-side management of the portfolios and certain pooled investment vehicles, including investment opportunity allocation issues.

Conflicts potentially limiting a portfolio's investment opportunities may also arise when the portfolio and other PIMCO clients invest in different parts of an issuer's capital structure, such as when the portfolio owns senior debt obligations of an issuer and other clients own junior tranches of the same issuer. In such circumstances, decisions over whether to trigger an event of default, over the terms of any workout, or how to exit an investment may result in conflicts of interest. In order to minimize such conflicts, a portfolio manager may avoid certain investment opportunities that would potentially give rise to conflicts with other PIMCO clients or PIMCO may enact internal procedures designed to minimize such conflicts, which could have the effect of limiting a portfolio's investment opportunities.

Additionally, if PIMCO acquires material non-public confidential information in connection with its business activities for other clients, a portfolio manager may be restricted from purchasing securities or selling securities for a portfolio. When making investment decisions where a conflict of interest may arise, PIMCO will endeavor to act in a fair and equitable manner as between a portfolio and other clients; however, in certain instances the resolution of the conflict may result in PIMCO acting on behalf of another client in a manner that may not be in the best interest, or may be opposed to the best interest, of a portfolio.

Performance Fees: A portfolio manager may advise certain accounts with respect to which the advisory fee is based entirely or partially on performance. Performance fee arrangements may create a conflict of interest for the portfolio manager in that the portfolio manager may have an incentive to allocate the investment opportunities that he or she believes might be the most profitable to such other accounts instead of allocating them to a portfolio. PIMCO has adopted policies and procedures reasonably designed to allocate investment opportunities between the portfolios and such other accounts on a fair and equitable basis over time.

Compensation

PIMCO has adopted a Total Compensation Plan for its professional level employees, including its portfolio managers, that is designed to pay competitive compensation and reward performance, integrity and teamwork consistent with the firm's mission statement. The Total Compensation Plan includes an incentive component that rewards high performance standards, work ethic and consistent individual and team contributions to the firm. The compensation of portfolio managers consists of a base salary and discretionary performance bonuses, and may include an equity or long term incentive component.

Certain employees of PIMCO, including portfolio managers, may elect to defer compensation through PIMCO's deferred compensation plan. PIMCO also offers its employees a non-contributory defined contribution plan through which PIMCO makes a contribution based on the employee's compensation. PIMCO's contribution rate increases at a specified compensation level, which is a level that would include portfolio managers.

The Total Compensation Plan consists of three components:

- **Base Salary –** Base salary is determined based on core job responsibilities, positions/levels, and market factors. Base salary levels are reviewed annually, when there is a significant change in job responsibilities or a significant change in the market. Base salary is paid in regular installments throughout the year and payment dates are in line with local practice.

- **Performance Bonus –** Performance bonuses are designed to reward individual performance. Each professional and his or her supervisor will agree upon performance objectives to serve as a basis for performance evaluation during the year. The objectives will outline individual goals according to pre-established measures of the group or department success. Achievement against these goals as measured by the employee and supervisor will be an important, but not exclusive, element of the bonus decision process. Award amounts are determined at the discretion of the Compensation Committee (and/or certain senior portfolio managers, as appropriate) and will also consider firm performance.
- **Equity or Long Term Incentive Compensation –** Equity allows key professionals to participate in the long-term growth of the firm. This program provides mid to senior level employees with the potential to acquire an equity stake in PIMCO over their careers and to better align employee incentives with the firm's long-term results. These options vest over a number of years and may convert into PIMCO equity which shares in the profit distributions of the firm. M Units are non-voting common equity of PIMCO and provide a mechanism for individuals to build a significant equity stake in PIMCO over time. Employees who reach a total compensation threshold are delivered their annual compensation in a mix of cash and option awards. PIMCO incorporates a progressive allocation of option awards as a percentage of total compensation which is in line with market practices.

In certain countries with significant tax implications for employees to participate in the M Unit Option Plan, PIMCO continues to use the Long Term Incentive Plan ("LTIP") in place of the M Unit Option Plan. The LTIP provides cash awards that appreciate or depreciate based upon PIMCO's performance over a three-year period. The aggregate amount available for distribution to participants is based upon PIMCO's profit growth.

Participation in the M Unit Option Plan and LTIP is contingent upon continued employment at PIMCO.

In addition, the following non-exclusive list of qualitative criteria may be considered when specifically determining the total compensation for portfolio managers:

- 3-year, 2-year and 1-year dollar-weighted and account-weighted, pre-tax investment performance as judged against the applicable benchmarks for each account managed by a portfolio manager (including the Portfolios) and relative to applicable industry peer groups;
- Appropriate risk positioning that is consistent with PIMCO's investment philosophy and the Investment Committee/CIO approach to the generation of alpha;
- Amount and nature of assets managed by the portfolio manager;
- Consistency of investment performance across portfolios of similar mandate and guidelines (reward low dispersion);
- Generation and contribution of investment ideas in the context of PIMCO's secular and cyclical forums, portfolio strategy meetings, Investment Committee meetings, and on a day-to-day basis;
- Absence of defaults and price defaults for issues in the portfolios managed by the portfolio manager;
- Contributions to asset retention, gathering and client satisfaction;
- Contributions to mentoring, coaching and/or supervising; and
- Personal growth and skills added.

A portfolio manager's compensation is not based directly on the performance of any Portfolio or any other account managed by that portfolio manager.

Profit Sharing Plan. Portfolio managers who are Managing Directors of PIMCO receive compensation from a non-qualified profit sharing plan consisting of a portion of PIMCO's net profits. Portfolio managers who are Managing Directors receive an amount determined by the Compensation Committee, based upon an individual's overall contribution to the firm.

Ownership of Securities

As of December 31, 2013, the portfolio manager did not beneficially own any shares of the portfolio(s).

PineBridge Investments LLC ("PineBridge")
Transamerica PineBridge Inflation Opportunities VP

Portfolio Manager	Registered Investment Companies		Other Pooled Investment Vehicles		Other Accounts	
	Number	Assets Managed	Number	Assets Managed	Number	Assets Managed
Amit Agrawal	1	$440.6 million	13	$412.7 million	3	$82.3 million
Robert A. Vanden Assem, CFA	11	$2.59 billion	17	$842.6 million	9	$2.41 billion
Fee Based Accounts (The number of accounts and the total assets in the accounts managed by each portfolio manager with respect to which the advisory fee is based on the performance of the account.)						
Robert A. Vanden Assem, CFA	0	$0	0	$0	0	$0
Amit Agrawal	0	$0	0	$0	0	$0

Conflict of Interest

PineBridge recognizes that it may be subject to a conflict of interest with respect to allocations of investment opportunities and transactions among its clients. To mitigate these conflicts, PineBridge's policies and procedures seek to provide that investment decisions are made in accordance with the fiduciary duties owed to such accounts and without consideration of PineBridge's economic, investment or other financial interests. Personal securities transactions by an employee may raise a potential conflict of interest when an employee trades in a security that is considered for purchase or sale by a client, or recommended for purchase or sale by an employee to a client, in that the employee may be able to personally benefit from prior knowledge of transactions for a client by trading in a personal account. PineBridge has policies to address potential conflicts of interest when its employees buy or sell securities also bought or sold for clients. Under certain circumstances, conflicts may arise in cases where different clients of PineBridge invest in different parts of a single issuer's capital structure, including circumstances in which one or more PineBridge clients may own private securities or obligations of an issuer and other PineBridge clients may own public securities of the same issuer. Such conflicts of interest will be discussed and resolved on a case-by-case basis and will take into consideration the interest of the relevant clients, the circumstances giving rise to the conflict, and applicable regulations.

Compensation

Compensation for all PineBridge Investments portfolio managers consists of both a salary and a bonus component. The Salary component is a fixed base salary, and does not vary based on a portfolio manager's performance. Generally, salary is based upon several factors, including experience and market levels of salary for such position. The bonus component is generally discretionarily determined based both on a portfolio manager's individual performance and the overall performance of PineBridge Investments. In assessing individual performance of portfolio managers, both qualitative performance measures and also quantitative performance measures assessing the management of a portfolio manager's funds are considered. A portfolio manager may also receive a long-term compensation component, either in the form of a partnership interest in the firm or as a cash-based award the ultimate value of which would depend upon financial performance of the firm.

Ownership of Securities

As of September 30, 2014, neither portfolio manager owned any securities in the portfolio.

ProFund Advisors LLC ("ProFund")
Transamerica ProFund UltraBear VP

Portfolio Manager	Registered Investment Companies		Other Pooled Investment Vehicles		Other Accounts	
	Number	Assets Managed	Number	Assets Managed	Number	Assets Managed
Michael Neches	164	$19.75 billion	0	$0	0	$0
Rachel Ames	88	$15.53 billion	0	$0	0	$0
Fee Based Accounts (The number of accounts and the total assets in the accounts managed by each portfolio manager with respect to which the advisory fee is based on the performance of the account.)						
Michael Neches	0	$0	0	$0	0	$0
Rachel Ames	0	$0	0	$0	0	$0

Conflict of Interest

Portfolio managers are generally responsible for multiple investment company accounts. As further described below, certain inherent conflicts of interest arise from the fact that portfolio managers have responsibility for multiple accounts, including conflicts relating to the allocation of investment opportunities. Listed above for each portfolio manager are the number and type of accounts managed or overseen by each team on which each portfolio manager acts, as of December 31, 2013.

In the course of providing advisory services, the sub-adviser may simultaneously recommend the sale of a particular security for one account while recommending the purchase of the same security for another account if such recommendations are consistent with each client's investment strategies. The sub-adviser also may recommend the purchase or sale of securities that may also be recommended by ProShare Advisors LLC, an affiliate of the sub-adviser.

The sub-adviser, its principals, officers and employees (and members of their families) and affiliates may participate directly or indirectly as investors in the sub-adviser's clients, such as the portfolio. Thus, the sub-adviser may recommend to clients the purchase or sale of securities in which it, or its officers, employees or related persons have a financial interest. The sub-adviser may give advice and take actions in the performance of its duties to its clients that differ from the advice given or the timing and nature of actions taken, with respect to other clients' accounts and/or employees' accounts that may invest in some of the same securities recommended to clients.

In addition, the sub-adviser, its affiliates and principals may trade for their own accounts. Consequently, non-customer and proprietary trades may be executed and cleared through any prime broker or other broker utilized by clients. It is possible that officers or employees of the sub-adviser may buy or sell securities or other instruments that the sub-adviser has recommended to, or purchased for, its clients and may engage in transactions for their own accounts in a manner that is inconsistent with the sub-adviser's recommendations to a client. Personal securities transactions by employees may raise potential conflicts of interest when such persons trade in a security that is owned by, or considered for purchase or sale for, a client. The sub-adviser has adopted policies and procedures designed to detect and prevent such conflicts of interest and, when they do arise, to ensure that it effects transactions for clients in a manner that is consistent with its fiduciary duty to its clients and in accordance with applicable law. Any Access Person (as such term is defined in Rule 204A-1 under the Investment Advisers Act of 1940, as amended) of the sub-adviser may make security purchases subject to the terms of the sub-adviser's code of ethics, described below. The sub-adviser and its affiliated persons may come into possession from time to time of material nonpublic and other confidential information about companies which, if disclosed, might affect an investor's decision to buy, sell, or hold a security. Under applicable law, the sub-adviser and its affiliated persons would be prohibited from improperly disclosing or using this information for their personal benefit or for the benefit of any person, regardless of whether the person is a client of the sub-adviser. Accordingly, should the sub-adviser or any affiliated person come into possession of material nonpublic or other confidential information with respect to any company, the sub-adviser and its affiliated persons will have no responsibility or liability for failing to disclose the information to clients as a result of following its policies and procedures designed to comply with applicable law.

Compensation

ProFund believes that its compensation program is competitively positioned to attract and retain high-caliber investment professionals. The compensation package for portfolio managers consists of a fixed-base salary, an annual incentive bonus opportunity and a competitive benefits package. A portfolio manager's salary compensation is designed to be competitive with the marketplace and reflect a portfolio manager's relative experience and contribution to the firm. Fixed-base salary compensation is reviewed and adjusted annually to reflect increases in the cost of living and market rates. The annual incentive bonus opportunity provides cash bonuses based upon the firm's overall performance and individual contributions. Principal consideration is given to appropriate risk management, teamwork and investment support activities in determining the annual bonus amount. Portfolio managers are eligible to participate in the firm's standard employee benefits programs, which include a competitive 401(k) retirement savings program with employer match, life insurance coverage, and health and welfare programs.

Ownership of Securities

As of December 31, 2013, the portfolio manager(s) did not beneficially own any shares of the portfolio(s).

Quantitative Management Associates LLC ("QMA")

Transamerica Market Participation Strategy VP

	Registered Investment Companies		Other Pooled Investment Vehicles		Other Accounts	
Portfolio Manager	Number	Assets Managed	Number	Assets Managed	Number	Assets Managed
Devang Gambhirwala	12	$11.34 billion	9	$2.48 billion	28	$6.46 billion
Ted Lockwood	22	$66.7 billion	1	$45.97 million	33	$3.51 billion
Marcus Perl	22	$66.7 billion	1	$45.97 million	32	$3.46 billion

Portfolio Manager	Registered Investment Companies		Other Pooled Investment Vehicles		Other Accounts	
	Number	Assets Managed	Number	Assets Managed	Number	Assets Managed
Fee Based Accounts (The number of accounts and the total assets in the accounts managed by each portfolio manager with respect to which the advisory fee is based on the performance of the account.)						
Devang Gambhirwala	0	$0	0	$0	5	$775.4 million
Ted Lockwood	0	$0	0	$0	0	$0
Marcus Perl	0	$0	0	$0	0	$0

* Accounts are managed on a team basis. If a portfolio manager is a member of a team, any account managed by that team is included in the number of accounts and total assets for such portfolio manager (even if such portfolio manager is not primarily involved in the day-to-day management of the account).

"QMA Other Pooled Investment Vehicles" includes commingled insurance company separate accounts, commingled trust funds and other commingled investment vehicles. "QMA Other Accounts" includes single client accounts, managed accounts (which are counted as one account per managed account platform), asset allocation clients, and accounts of affiliates. The assets in certain accounts have been estimated due to the availability of information only at the end of calendar quarters.

Conflict of Interest

Like other investment advisers, QMA is subject to various conflicts of interest in the ordinary course of its business. QMA strives to identify potential risks, including conflicts of interest, that are inherent in its business, and conducts annual conflict of interest reviews. When actual or potential conflicts of interest are identified, QMA seeks to address such conflicts through one or more of the following methods:

- Elimination of the conflict;
- Disclosure of the conflict; or
- Management of the conflict through the adoption of appropriate policies and procedures.

QMA follows Prudential Financial's policies on business ethics, personal securities trading, and information barriers. QMA has adopted a code of ethics, allocation policies and conflicts of interest policies, among others, and has adopted supervisory procedures to monitor compliance with its policies. QMA cannot guarantee, however, that its policies and procedures will detect and prevent, or assure disclosure of, each and every situation in which a conflict may arise.

Side-by-Side Management of Accounts and Related Conflicts of Interest

Side-by-side management of multiple accounts can create incentives for QMA to favor one account over another. Examples are detailed below, followed by a discussion of how QMA addresses these conflicts.

Asset-Based Fees vs. Performance-Based Fees; Other Fee Considerations. QMA manages accounts with asset-based fees alongside accounts with performance-based fees. Asset-based fees are calculated based on the value of a client's portfolio at periodic measurement dates or over specified periods of time. Performance-based fees are generally based on a share of the capital appreciation of a portfolio, and may offer greater upside potential to an investment manager than asset-based fees, depending on how the fees are structured. This side-by-side management can create an incentive for QMA and its investment professionals to favor one account over another. Specifically, QMA has the incentive to favor accounts for which it receives performance fees, and possibly take greater investment risks in those accounts, in order to bolster performance and increase its fees. In addition, since fees are negotiable, one client may be paying a higher fee than another client with similar investment objectives or goals. In negotiating fees, QMA takes into account a number of factors including, but not limited to, the investment strategy, the size of a portfolio being managed, the relationship with the client, and the required level of service. Fees may also differ based on account type. For example, fees for commingled vehicles, including those that QMA subadvises, may differ from fees charged for single client accounts.

Long Only/Long-Short Accounts. QMA manages accounts that only allow usit to hold securities long as well as accounts that permit short selling. QMA may, therefore, sell a security short in some client accounts while holding the same security long in other client accounts, creating the possibility that QMA is taking inconsistent positions with respect to a particular security in different client accounts.

Compensation/Benefit Plan Accounts/Other Investments by Investment Professionals. QMA manages certain funds and strategies whose performance is considered in determining long-term incentive plan benefits for certain investment professionals. Investment professionals involved in the management of those funds and accounts in these strategies have an incentive to favor them over other accounts they manage in order to increase their compensation. Additionally, QMA's investment professionals may have an interest in those funds if the funds are chosen as options in their 401(k) or deferred compensation plans offered by Prudential or if they otherwise invest in those funds directly.

Proprietary Accounts. QMA manages accounts on behalf of its affiliates as well as unaffiliated accounts. QMA could have an incentive to favor accounts of affiliates over others.

Non-Discretionary Accounts or Models. QMA provides non-discretionary model portfolios to some clients and manages other portfolios on a discretionary basis. The non-discretionary clients may be disadvantaged if QMA delivers the model investment portfolio to them after it initiates trading for the discretionary clients, or vice versa.

Large Accounts. Large accounts typically generate more revenue than do smaller accounts. As a result, a portfolio manager has an incentive when allocating scarce investment opportunities to favor accounts that pay a higher fee or generate more income for QMA.

Securities of the Same Kind or Class. QMA may buy or sell, or may direct or recommend that one client buy or sell, securities of the same kind or class that are purchased or sold for another client, at prices that may be different. QMA may also, at any time, execute trades of securities of the same kind or class in one direction for an account and in the opposite direction for another account, due to differences in investment strategy or client direction. Different strategies effecting trading in the same securities or types of securities may appear as inconsistencies in QMA's management of multiple accounts side-by-side.

How QMA Addresses These Conflicts of Interest

The conflicts of interest described above with respect to different types of side-by-side management could influence QMA's allocation of investment opportunities as well as its timing, aggregation and allocation of trades. QMA has developed policies and procedures designed to address these conflicts of interest.

In keeping with its fiduciary obligations, QMA's policies with respect to allocation and aggregation are to treat all of its accounts fairly and equitably. QMA's compliance procedures with respect to these policies include independent monitoring by its compliance unit of the timing, allocation and aggregation of trades and the allocation of investment opportunities. These procedures are designed to detect patterns and anomalies in QMA's side-by-side management and trading so that QMA may take measures to correct or improve its processes. QMA's trade management oversight committee, which consists of senior members of its management team, reviews trading patterns on a periodic basis.

QMA rebalances portfolios periodically with frequencies that vary with market conditions and investment objectives. QMA seeks to aggregate trades for all portfolios rebalanced on any given day, where appropriate and consistent with ourits duty of best execution. Orders are generally allocated at the time of the transaction, or as soon as possible thereafter, on a pro rata basis equal to each account's appetite for the issue when such appetite can be determined. As mentioned above, QMA's compliance unit performs periodic monitoring to determine that all portfolios are rebalanced consistently, over time, within all strategies.

QMA's investment strategies generally require that QMA invest its clients' assets in securities that are publicly traded. QMA generally does not participate in initial public offerings. These factors significantly reduce the risk that QMA could favor one client over another in the allocation of investment opportunities.

With respect to QMA's management of long-short and long only accounts, the security weightings (positive or negative) in each account are always determined by a quantitative algorithm. An independent review is performed by the compliance unit to assess whether any such positions would represent a departure from athe quantitative algorithm used to derive the positions in each portfolio. QMA's review is also intended to identify situations where QMA would seem to have conflicting views of the same security in different portfolios. Such views may actually be reasonable and consistent due to differing portfolio constraints.

QMA's Relationships with Affiliates and Related Conflicts of Interest

As an indirect wholly-owned subsidiary of Prudential Financial, QMA is part of a diversified, global financial services organization. It is affiliated with many types of financial service providers, including broker-dealers, insurance companies, commodity pool operators and other investment advisers. Some of its employees are officers of some of these affiliates.

Conflicts Related to QMA's Affiliations

Conflicts Arising Out of Legal Restrictions. QMA may be restricted by law, regulation or contract as to how much, if any, of a particular security it may purchase or sell on behalf of a client, and as to the timing of such purchase or sale. These restrictions may apply as a result of QMA's relationship with Prudential Financial and its other affiliates. For example, QMA's holdings of a security on behalf of its clients may, under some SEC rules, be aggregated with the holdings of that security by other Prudential Financial affiliates. These holdings could, on an aggregate basis, exceed certain reporting thresholds unless QMA and Prudential monitor and restrict purchases. In addition, QMA could receive material, non-public information with respect to a particular issuer from an affiliate and, as a result, be unable to execute purchase or sale transactions in securities of that issuer for our clients. QMA is generally able to avoid receiving material, non-public information from its affiliates by maintaining information barriers to prevent the transfer of information between affiliates.

The Fund may be prohibited from engaging in transactions with its affiliates even when such transactions may be beneficial for the Fund. Certain affiliated transactions are permitted in accordance with procedures adopted by the Fund and reviewed by the independent board members of the Fund.

Conflicts Arising Out of Securities Holdings and Other Financial Interests

QMA, Prudential Financial, Inc., the general account of the Prudential Insurance Company of America (PICA) and accounts of other affiliates of QMA (collectively, affiliated accounts) may, at times, have financial interests in, or relationships with, companies whose securities QMA may hold, purchase or sell in our client accounts. This may occur, for example, because affiliated accounts hold public and private debt and equity securities of a large number of issuers and may invest in some of the same companies as QMA's client accounts. At any time, these interests and relationships could be inconsistent or in potential or actual conflict with positions held or actions taken by us on behalf of QMA's client accounts. For instance, QMA may invest client assets in the equity of companies whose debt is held by an affiliate. QMA may also invest in the securities of one or more clients for the accounts of other clients. While these conflicts cannot be eliminated, QMA has implemented policies and procedures, including adherence to PIM's information barrier policy, that are designed to ensure that investments of clients are managed in their best interests.

Certain of QMA's employees may offer and sell securities of, and units in, commingled funds that QMA manages or subadvises. Employees may offer and sell securities in connection with their roles as registered representatives of Prudential Investment Management Services LLC (a broker-dealer affiliate), or as officers, agents, or approved persons of other affiliates. There is an incentive for QMA's employees to offer these securities to investors regardless of whether the investment is appropriate for such investor since increased assets in these vehicles will result in increased advisory fees to QMA. In addition, such sales could result in increased compensation to the employee.

A portion of the long-term incentive grant of some of QMA's investment professionals will increase or decrease based on the annual performance of several of QMA's advised accounts over a defined time period. Consequently, some of QMA's portfolio managers from time to time have financial interests in the accounts they advise. To address potential conflicts related to these financial interests, QMA has procedures, including supervisory review procedures, designed to ensure that each of its accounts is managed in a manner that is consistent with QMA's fiduciary obligations, as well as with the account's investment objectives, investment strategies and restrictions. Specifically, QMA's Chief Investment Officer will perform a comparison of trading costs between the advised accounts whose performance is considered in connection with the long-term incentive grant and other accounts, to ensure that such costs are consistent with each other or otherwise in line with expectations. The results of the analysis are discussed at a trade management meeting. Additionally, QMA's compliance group will review the performance of these accounts to ensure that it is consistent with the performance of other accounts in the same strategy that are not considered in connection with the grant.

Conflicts of Interest in the Voting Process

Occasionally, a conflict of interest may arise in connection with proxy voting. For example, the issuer of the securities being voted may also be a client of QMA.When QMA identifies an actual or potential conflict of interest between QMA and its clients, QMA votes in accordance with the policy of its proxy voting facilitator rather than its own policy. In that manner, QMA seeks to assure the independence and objectivity of the vote

Compensation

QMA's investment professionals are compensated through a combination of base salary, a performance-based annual cash incentive bonus and an annual long-term incentive grant. QMA regularly benchmarks its compensation program against leading asset management firms to monitor competitiveness.

The salary component is based on market data relative to similar positions within the industry as well as the past performance, years of experience and scope of responsibility of the individual.

An investment professional's incentive compensation, including both the annual cash bonus and long-term incentive grant, is largely driven by a person's contribution to QMA's goal of providing investment performance to clients consistent with portfolio objectives, guidelines and risk parameters. In addition, a person's qualitative contributions would also be considered in determining compensation. An investment professional's long-term incentive grant is currently divided into two components: (i) 80% of the value of the grant is subject to increase or decrease based on the annual performance of certain QMA strategies, and (ii) 20% of the value of the grant consists of stock options and/or restricted stock of Prudential Financial, Inc. (QMA's ultimate parent company). The long-term incentive grants are subject to vesting requirements. The incentive compensation of each investment professional is not based solely or directly on the performance of the Fund (or any other individual account managed by QMA) or the value of the assets of the Fund (or any other individual account managed by QMA).

The size of the annual cash bonus pool available for individual grants is determined quantitatively based on two primary factors: 1) investment performance of composites representing QMA's various investment strategies on a 1-year and 3-year basis relative to appropriate market peer groups and the indices against which our strategies are managed, and 2) business results as measured by QMA's pre-tax income.

The size of the annual long-term incentive pool available for individual grants is determined based on a percentage of the total compensation of QMA's eligible employees for the prior year.

Ownership of Securities

As of December 31, 2013, the portfolio manager(s) did not beneficially own any shares of the portfolio(s).

Systematic Financial Management, L.P. ("Systematic")

Transamerica Systematic Small/Mid Cap Value VP

Portfolio Manager	Registered Investment Companies		Other Pooled Investment Vehicles		Other Accounts	
	Number	Assets Managed	Number	Assets Managed	Number	Assets Managed
Kenneth Burgess, CFA	0	$0	0	$0	299	$1.63 billion
Ron Mushock, CFA	7	$2.04 billion	2	$180 million	301	$6.31 billion
Fee Based Accounts (The number of accounts and the total assets in the accounts managed by each portfolio manager with respect to which the advisory fee is based on the performance of the account.)						
Kenneth Burgess, CFA	0	$0	0	$0	0	$0
Ron Mushock, CFA	0	$0	0	$0	1	$109 million

Conflict of Interest

Portfolio managers of Systematic Financial Management, LP ("Systematic") oversee the investment of various types of accounts in the same strategy, such as mutual funds, pooled investment vehicles and separate accounts for individuals and institutions. The simultaneous management of these diverse accounts and specific client circumstances may create perceived conflicts of interest related to differences in the investment management fees charged and unequal time and attention devoted to certain accounts. However, Systematic recognizes its affirmative duty to treat all accounts fairly and equitably over time and maintains a series of controls in furtherance of this goal.

Generally, portfolio managers apply investment decisions to all accounts utilizing a particular strategy on a pro rata basis, while also accounting for varying client circumstances, including client objectives and preferences, instructions, restrictions, account size, cash availability and current specific needs. Nevertheless, during the normal course of managing assets for multiple clients of different types and asset levels, portfolio managers may encounter conflicts of interest that could, if not properly addressed, be harmful to one or more of our clients. Those of a material nature that are encountered most frequently involve, without limitation, investment security selection, employee personal securities trading, proxy voting and the allocation of investment opportunities. To mitigate these potential conflicts and ensure its clients are not negatively impacted by the adverse actions of Systematic or its employees, Systematic has implemented a series of policies and procedures that are overseen by compliance professionals and, in Systematic's view, reasonably designed to prevent and detect conflicts.

For example, Systematic's Code of Ethics restricts employees' personal securities trading, forbids employees from giving, soliciting or accepting inappropriate gifts and entertainment and requires employees to receive explicit approval prior to serving as a board member or officer of a public company or rendering outside investment advice. Additionally, to effectively remove conflicts of interest related to voting proxies for accounts that have delegated such authority to Systematic, Systematic has a Proxy Voting Policy that provides for an independent third-party proxy voting agent, which agent's pre-determined voting policy guidelines Systematic has adopted. Systematic's Allocation and Aggregation and Trade Error Correction policies similarly seek to reduce potential conflicts of interest by promoting the fair and equitable allocation of investment opportunities among client accounts over time and the consistent resolution of trading errors.

Notably, Affiliated Managers Group, Inc. (NYSE: AMG), a publicly traded asset management company, holds a majority interest in Systematic through AMG's wholly-owned subsidiary, Titan NJ LP Holdings LLC. Systematic operates independently as a separate, autonomous affiliate of AMG, which has equity investments in a group of investment management firms including Systematic. The AMG Affiliates do not formulate advice for Systematic's clients and do not, in Systematic's view, present any potential conflict of interest with Systematic's clients.

Compensation

Certain Systematic employees share equity ownership with AMG as Partners, which may serve to incentivize Systematic's investment professionals to perform successfully. The compensation package for portfolio managers Ronald Mushock and Ken Burgess, both of whom are Managing Partners of Systematic, consists of a fixed base salary and a share of the Firm's profits based on each Partner's respective individual ownership position in Systematic. Total compensation is influenced by Systematic's overall profitability, and therefore is based in part on the aggregate performance of all of Systematic's portfolios. Portfolio managers are not compensated based solely on the performance of, or the value of assets held in, any product managed by Systematic. Moreover, the Portfolio Managers are provided with a benefits package, including health insurance, and participation in a company 401(K) plan, comparable to that received by other Systematic employees.

Ownership of Securities

As of December 31, 2013, the portfolio manager(s) did not beneficially own any shares of the portfolio(s).

T. Rowe Price Associates, Inc. ("T. Rowe Price")

Transamerica T. Rowe Price Small Cap VP

Portfolio Manager	Registered Investment Companies		Other Pooled Investment Vehicles		Other Accounts	
	Number	Assets Managed	Number	Assets Managed	Number	Assets Managed
Sudhir Nanda, CFA	3	$2.47 billion	0	$0	0	$0
Fee Based Accounts (The number of accounts and the total assets in the accounts managed by each portfolio manager with respect to which the advisory fee is based on the performance of the account.)						
Sudhir Nanda, CFA	0	$0	0	$0	0	$0

Conflict of Interest

As of December 31, 2013, portfolio managers at T. Rowe Price and its affiliates typically manage multiple accounts. These accounts may include, among others, mutual funds, separate accounts (assets managed on behalf of institutions such as pension funds, colleges and universities, foundations), offshore funds and common trust funds. Portfolio managers make investment decisions for each fund based on the investment objectives, policies, practices and other relevant investment considerations that the managers believe are applicable to that fund. Consequently, portfolio managers may purchase (or sell) securities for one fund and not another fund. T. Rowe Price and its affiliates have adopted brokerage and trade allocation policies and procedures which they believe are reasonably designed to address any potential conflicts associated with managing multiple accounts for multiple clients. Also, as disclosed under the "Portfolio Manager's Compensation" section, our portfolio managers' compensation is determined in the same manner with respect to all portfolios managed by the portfolio manager.

T. Rowe Price funds may, from time to time, own shares of Morningstar, Inc. Morningstar is a provider of investment research to individual and institutional investors, and publishes ratings on mutual funds, including the Price Funds. T. Rowe Price manages the Morningstar retirement plan and T. Rowe Price and its affiliates pay Morningstar for a variety of products and services. In addition, Morningstar may provide investment consulting and investment management services to clients of T. Rowe Price or its affiliates.

Compensation

Portfolio manager compensation consists primarily of a base salary, a cash bonus, and an equity incentive that usually comes in the form of a stock option grant or restricted stock grant. Compensation is variable and is determined based on the following factors.

Investment performance over 1-, 3-, 5-, and 10-year periods is the most important input. The weightings for these time periods are generally balanced and are applied consistently across similar strategies. T. Rowe Price (and Price Hong Kong, Price Singapore, and T. Rowe Price International, as appropriate), evaluate performance in absolute, relative, and risk-adjusted terms. Relative performance and risk-adjusted performance are determined with reference to the broad-based index (e.g., S&P 500) and the Lipper index (e.g., Large-Cap Growth) set forth in the total returns table in the fund's prospectus, although other benchmarks may be used as well. Investment results are also measured against comparably managed funds of competitive investment management firms. The selection of comparable funds is approved by the applicable investment steering committee (as described under the "Disclosure of Fund Portfolio Information" section) and are the same as those presented to the directors of the Price Funds in their regular review of fund performance. Performance is primarily measured on a pretax basis though tax efficiency is considered and is especially important for the Tax-Efficient Equity Fund.

Compensation is viewed with a long-term time horizon. The more consistent a manager's performance over time, the higher the compensation opportunity. The increase or decrease in a fund's assets due to the purchase or sale of fund shares is not considered a material factor. In reviewing relative performance for fixed-income funds, a fund's expense ratio is usually taken into account. Contribution to T. Rowe Price's overall investment process is an important consideration as well. Leveraging ideas and investment insights across the global investment platform; working effectively with and mentoring others; and other contributions to our clients, the firm or our culture are important components of T. Rowe Price's long-term success and are highly valued.

All employees of T. Rowe Price, including portfolio managers, participate in a 401(k) plan sponsored by T. Rowe Price Group. In addition, all employees are eligible to purchase T. Rowe Price common stock through an employee stock purchase plan that features a limited corporate matching contribution. Eligibility for and participation in these plans is on the same basis as for all employees. Finally, all vice presidents of T. Rowe Price Group, including all portfolio managers, receive supplemental medical/hospital reimbursement benefits.

The compensation structure is used for all portfolios managed by the portfolio manager.

Ownership of Securities

As of December 31, 2013, the portfolio manager(s) did not beneficially own any shares of the portfolio(s).

Torray LLC ("Torray")

Transamerica Torray Concentrated Growth VP

Portfolio Manager	Registered Investment Companies		Other Pooled Investment Vehicles		Other Accounts	
	Number	Assets Managed	Number	Assets Managed	Number	Assets Managed
Nicholas C. Haffenreffer	1	$13.8 million	3	$44.7 million	83	$163 million
Fee Based Accounts (The number of accounts and the total assets in the accounts managed by each portfolio manager with respect to which the advisory fee is based on the performance of the account.)						
Nicholas C. Haffenreffer	0	$0	0	$0	0	$0

Conflict of Interest

As indicated in the table above, portfolio managers at Torray LLC may manage accounts for multiple clients. The portfolio managers manage other registered investment companies, other types of pooled accounts (such as private investment funds), and separate accounts (i.e., accounts managed on behalf of individuals for public or private institutions). Portfolio managers at Torray LLC make investment decisions for each account based on the investment objectives and policies and other relevant investment considerations applicable to that portfolio. Because a portfolio manager's compensation is affected by revenues earned by Torray LLC, the incentives associated with any given account may be higher or lower than those associated with other accounts. Torray LLC has adopted and implemented policies and procedures, including brokerage and trade allocation policies and procedures, which it believes address the conflicts associated with managing multiple accounts for multiple clients. Torray LLC monitors a variety of areas, including compliance with account investment guidelines, the allocation of initial public offerings and other similar investment opportunities, and compliance with Torray LLC's Code of Ethics.

Compensation

The portfolio manager's compensation consists of a fixed annual salary, plus additional remuneration based on the overall performance of Torray LLC for Torray LLC's most recently completed fiscal year of operations. This additional remuneration, if any, is not based on the performance of Torray LLC as compared to a particular benchmark investment index and instead is based on the economic performance of Torray LLC from its business operations

Ownership of Securities

As of December 31, 2013, the portfolio manager(s) did not beneficially own any shares of the fund(s).

Thompson, Siegel & Walmsley LLC ("TS&W")

Transamerica TS&W International Equity VP

Portfolio Manager	Registered Investment Companies		Other Pooled Investment Vehicles		Other Accounts	
	Number	Assets Managed	Number	Assets Managed	Number	Assets Managed
Brandon H. Harrell, CFA	3	$739 million	2	$50.5 million	0	$0
Fee Based Accounts (The number of accounts and the total assets in the accounts managed by each portfolio manager with respect to which the advisory fee is based on the performance of the account.)						
Brandon H. Harrell, CFA	0	$0	0	$0	0	$0

Conflict of Interest

TS&W seeks to minimize actual or potential conflicts of interest that may arise from its management of the Fund and management of non-Fund accounts. TS&W has designed and implemented policies and procedures to address (although may not eliminate) potential conflicts of interest, including, among others, performance based fees; hedge funds; aggregation, allocation, and best execution or orders; TS&W's Code of Ethics which requires personnel to act solely in the best interest of their clients and imposes certain restrictions on the ability of Access Persons to engage in personal securities transactions for their own account(s), and procedures to ensure soft dollar arrangements meet the necessary requirements of Section 28(e) of the Securities Exchange Act of 1934. TS&W seeks to treat all clients fairly and to put clients' interests first.

Compensation

For each portfolio manager, TS&W's compensation structure includes the following components: base salary, annual incentive bonus, participation in an Employees' Retirement Plan and the ability to participate in a voluntary income deferral plan.

- **Base Salary –** Each portfolio manager is paid a fixed base salary, which varies among portfolio managers depending on the experience and responsibilities of the portfolio manager, as well as the strength or weakness of the employment market at the time the portfolio manager is hired or upon any renewal period.
- **Bonus –** Each portfolio manager is eligible to receive an annual incentive bonus. Targeted bonus amounts vary among portfolio managers based on the experience level and responsibilities of the portfolio manager. Bonus amounts are discretionary tied to overall performance versus individual objectives. Performance versus peer groups and benchmarks are taken into consideration.
- **Defined Contribution Plan –** At the discretion of TS&W, a contribution may be made to the employer contribution account for eligible employees of the TS&W Retirement Plan subject to IRS limitations.
- **Deferred Compensation Plan –** Portfolio managers meeting certain requirements are also eligible to participate in a voluntary, nonqualified deferred compensation plan that allows participants to defer a portion of their income on a pre-tax basis and potentially earn tax deferred returns.
- **Equity Plan –** Key employees may be awarded deferred TS&W equity grants. In addition, key employees may purchase TS&W equity directly.

Each portfolio manager is eligible to participate in benefit plans and programs available generally to all employees of TS&W.

Ownership of Securities

As of December 31, 2013, the portfolio manager(s) did not beneficially own any shares of the fund(s).

Voya Investment Management Co. LLC ("Voya")

Transamerica Voya Intermediate Bond VP

Portfolio Manager	Registered Investment Companies Number	Registered Investment Companies Assets Managed	Other Pooled Investment Vehicles Number	Other Pooled Investment Vehicles Assets Managed	Other Accounts Number	Other Accounts Assets Managed
Christine Hurtsellers, CFA	10	$5.69 billion	32	$8.56 billion	19	$8.05 billion
Matthew Toms, CFA	10	$8.72 billion	28	$6.88 billion	50	$9.41 billion
Fee Based Accounts (The number of accounts and the total assets in the accounts managed by each portfolio manager with respect to which the advisory fee is based on the performance of the account.)						
Christine Hurtsellers, CFA	0	$0	0	$0	0	$0
Matthew Toms, CFA	0	$0	0	$0	0	$0

Transamerica Voya Large Cap Growth VP

Portfolio Manager	Registered Investment Companies Number	Registered Investment Companies Assets Managed	Other Pooled Investment Vehicles Number	Other Pooled Investment Vehicles Assets Managed	Other Accounts* Number	Other Accounts* Assets Managed
Jeffrey Bianchi, CFA	5	$8.80 billion	6	$762 million	40	$5.01 billion
Christopher Corapi	13	$15.38 billion	8	$992 million	34	$4.52 billion
Michael Pytosh	5	$8.80 billion	6	$762 million	40	$5.01 billion
Fee Based Accounts (The number of accounts and the total assets in the accounts managed by each portfolio manager with respect to which the advisory fee is based on the performance of the account.)						
Jeffrey Bianchi, CFA	0	$0	0	$0	0	$0
Christopher Corapi	0	$0	0	$0	0	$0
Michael Pytosh	0	$0	0	$0	0	$0

Transamerica Voya Limited Maturity Bond VP

Portfolio Manager	Registered Investment Companies Number	Registered Investment Companies Assets Managed	Other Pooled Investment Vehicles Number	Other Pooled Investment Vehicles Assets Managed	Other Accounts* Number	Other Accounts* Assets Managed
Christine Hurtsellers, CFA	10	$5.69 billion	32	$8.56 billion	19	$8.05 billion
Matthew Toms, CFA	10	$8.72 billion	28	$6.88 billion	50	$9.41 billion

Portfolio Manager	Registered Investment Companies		Other Pooled Investment Vehicles		Other Accounts*	
	Number	Assets Managed	Number	Assets Managed	Number	Assets Managed
Fee Based Accounts (The number of accounts and the total assets in the accounts managed by each portfolio manager with respect to which the advisory fee is based on the performance of the account.)						
Christine Hurtsellers, CFA	0	$0	0	$0	0	$0
Matthew Toms, CFA	0	$0	0	$0	0	$0

Transamerica Voya Mid Cap Opportunities VP

Portfolio Manager	Registered Investment Companies		Other Pooled Investment Vehicles		Other Accounts*	
	Number	Assets Managed	Number	Assets Managed	Number	Assets Managed
Jeffrey Bianchi, CFA	5	$8.80 billion	6	$762 million	40	$5.01 billion
Michael Pytosh	5	$8.80 billion	6	$762 million	40	$5.01 billion
Fee Based Accounts (The number of accounts and the total assets in the accounts managed by each portfolio manager with respect to which the advisory fee is based on the performance of the account.)						
Jeffrey Bianchi, CFA	0	$0	0	$0	0	$0
Michael Pytosh	0	$0	0	$0	0	$0

Conflict of Interest

A portfolio manager may be subject to potential conflicts of interest because the portfolio manager is responsible for other accounts in addition to a Fund. These other accounts may include, among others, other mutual funds, separately managed advisory accounts, commingled trust accounts, insurance separate accounts, wrap fee programs, and hedge funds. Potential conflicts may arise out of the implementation of differing investment strategies for the portfolio manager’s various accounts, the allocation of investment opportunities among those accounts, or differences in the advisory fees paid by the portfolio manager’s accounts.

A potential conflict of interest may arise as a result of the portfolio manager’s responsibility for multiple accounts with similar investment guidelines. Under these circumstances, a potential investment may be suitable for more than one of the portfolio manager’s accounts, but the quantity of the investment available for purchase is less than the aggregate amount the accounts would ideally devote to the opportunity. Similar conflicts may arise when multiple accounts seek to dispose of the same investment.

A portfolio manager may also manage accounts whose objectives and policies differ from those of a Fund. These differences may be such that under certain circumstances, trading activity appropriate for one account managed by the portfolio manager may have adverse consequences for another account managed by the portfolio manager. For example, if an account were to sell a significant position in a security, which could cause the market price of that security to decrease, while a Fund maintained its position in that security.

A potential conflict may arise when a portfolio manager is responsible for accounts that have different advisory fees—the difference in the fees may create an incentive for the portfolio manager to favor one account over another, for example, in terms of access to particularly appealing investment opportunities. This conflict may be heightened where an account is subject to a performance-based fee.

As part of its compliance program, Voya IM has adopted policies and procedures reasonably designed to address the potential conflicts of interest described above.

Finally, a potential conflict of interest may arise because the investment mandates for certain other accounts, such as hedge funds, may allow extensive use of short sales which, in theory, could allow them to enter into short positions in securities where other accounts hold long positions. Voya IM has policies and procedures reasonably designed to limit and monitor short sales by the other accounts to avoid harm to the Funds.

Compensation

Compensation consists of: (i) a fixed base salary; (ii) a bonus, which is based on Voya IM performance, one, three and five year pre-tax performance of the accounts the portfolio managers are primarily and jointly responsible for relative to account benchmarks, peer universe performance, and revenue growth and net cash flow growth (changes in the accounts’ net assets not attributable to changes in the value of the accounts’ investments) of the accounts they are responsible for; and (iii) longterm equity awards tied to the performance of our parent company, Voya Groep and/or a notional investment in a pre-defined set of Voya IM sub-advised Funds.

Portfolio managers are also eligible to receive an annual cash incentive award delivered in some combination of cash and a deferred award in the form of Voya stock. The overall design of the annual incentive plan was developed to tie pay to both performance and cash flows, structured in such a way as to drive performance and promote retention of top talent. As with base salary compensation, individual target awards are determined and set based on external market data and internal comparators. Investment performance is measured on both relative and absolute performance in all areas.

Large Cap Growth

Voya IM has defined the Russell 1000® Growth Index for Mr. Corapi, Mr. Pytosh, and Mr. Bianchi as portfolio managers for Large Cap Growth Fund; and set performance goals to appropriately reflect requirements for the investment team. The measures for each team are outlined on a "scorecard" that is reviewed on an annual basis. These scorecards measure investment performance versus benchmark and peer groups over one-, three- and five-year periods; year-to-date net cash flow (changes in the accounts' net assets not attributable in the value of the accounts' investments) for all accounts managed by the team. The results for overall Voya IM scorecards are typically calculated on an asset weighted performance basis of the individual team scorecards.

Investment professionals' performance measures for bonus determinations are weighted by 25% being attributable to the overall Voya IM performance and 75% attributable to their specific team results (65% investment performance, 5% net cash flow, and 5% revenue growth).

Mid Cap Opportunities

Voya IM has defined the Russell Mid Cap Growth Index for Mr. Bianchi, and Mr. Pytosh as Portfolio Managers for Mid Cap Growth Fund; and set performance goals to appropriately reflect requirements for the investment team. The measures for each team are outlined on a "scorecard" that is reviewed on an annual basis. These scorecards measure investment performance versus benchmark and peer groups over one-, three- and five-year periods; year-to-date net cash flow (changes in the accounts' net assets not attributable in the value of the accounts' investments) for all accounts managed by the team. The results for overall Voya IM scorecards are typically calculated on an asset weighted performance basis of the individual team scorecards.

Investment professionals' performance measures for bonus determinations are weighted by 25% being attributable to the overall Voya IM performance and 75% attributable to their specific team results (65% investment performance, 5% net cash flow, and 5% revenue growth).

Limited Maturity Bond

Voya IM has a defined the Barclays Capital U.S.1-3 Year Government/Credit Bond Index for Ms. Hurtsellers and Mr. Toms as Portfolio Managers of Limited Maturity Bond Fund and set performance goals to appropriately reflect requirements for the investment team. The measures for each team are outlined on a "scorecard" that is reviewed on an annual basis. These scorecards measure investment performance versus benchmark and peer groups over one-, three-, and five-year periods; year-to-date net cash flow (changes in the accounts' net assets not attributable to changes in the value of the accounts' investments) for all accounts managed by the team. The results for overall IIM scorecards are typically calculated on an asset weighted performance basis of the individual team scorecards.

Investment professionals' performance measures for bonus determinations are weighted by 25% being attributable to the overall Voya IM performance and 75% attributable to their specific team results (65% investment performance, 5% net cash flow, and 5% revenue growth).

Intermediate Bond

Voya IM has defined the Barclays Capital U.S. Aggregate Bond Index for Ms. Hurtsellers and Mr. Toms as Portfolio Managers of Intermediate Bond Fund. The measures for each team are outlined on a "scorecard" that is reviewed on an annual basis. These scorecards measure investment performance versus benchmark and peer groups over one-, three-, and five-year periods; year-to-date net cash flow (changes in the accounts' net assets not attributable to changes in the value of the accounts' investments) for all accounts managed by the team. The results for overall Voya IM scorecards are typically calculated on an asset weighted performance basis of the individual team scorecards.

Investment professionals' performance measures for bonus determinations are weighted by 25% being attributable to the overall Voya IM performance and 75% attributable to their specific team results (65% investment performance, 5% net cash flow, and 5% revenue growth).

Ownership of Securities

As of December 31, 2013, the portfolio manager did not beneficially own any shares of the portfolio(s).

Wellington Management Company, LLP ("Wellington")

Transamerica WMC US Growth VP
Transamerica WMC US Growth II VP

Portfolio Manager	Registered Investment Companies		Other Pooled Investment Vehicles		Other Accounts	
	Number	Assets Managed	Number	Assets Managed	Number	Assets Managed
Mammen Chally, CFA	11	$3.21 billion	3	$143.32 million	2	$300.52 million
Fee Based Accounts (The number of accounts and the total assets in the accounts managed by each portfolio manager with respect to which the advisory fee is based on the performance of the account.)						
Mammen Chally, CFA	0	$0	0	$0	0	$0

Conflict of Interest

Individual investment professionals at Wellington Management manage multiple accounts for multiple clients. These accounts may include mutual funds, separate accounts (assets managed on behalf of institutions, such as pension funds, insurance companies, foundations, or separately managed account programs sponsored by financial intermediaries), bank common trust accounts, and hedge funds. Each portfolio's manager listed in the prospectus who is primarily responsible for the day-to-day management of each portfolio ("Portfolio Manager") generally manages accounts in several different investment styles. These accounts may have investment objectives, strategies, time horizons, tax considerations and risk profiles that differ from those of the relevant portfolios. The Portfolio Manager makes investment decisions for each account, including the relevant portfolio, based on the investment objectives, policies, practices, benchmarks, cash flows, tax and other relevant investment considerations applicable to that account. Consequently, the Portfolio Manager may purchase or sell securities, including IPOs, for one account and not another account, and the performance of securities purchased for one account may vary from the performance of securities purchased for other accounts. Alternatively, these accounts may be managed in a similar fashion to the relevant portfolio and thus the accounts may have similar, and in some cases nearly identical, objectives, strategies and/or holdings to that of the relevant portfolio.

The Portfolio Manager or other investment professionals at Wellington Management may place transactions on behalf of other accounts that are directly or indirectly contrary to investment decisions made on behalf of the relevant portfolio, or make investment decisions that are similar to those made for the relevant portfolio, both of which have the potential to adversely impact the relevant portfolio depending on market conditions. For example, an investment professional may purchase a security in one account while appropriately selling that same security in another account. Similarly, the Portfolio Manager may purchase the same security for the relevant portfolio and one or more other accounts at or about the same time. In those instances the other accounts will have access to their respective holdings prior to the public disclosure of the relevant portfolio's holdings. In addition, some of these accounts have fee structures, including performance fees, which are or have the potential to be higher, in some cases significantly higher, than the fees Wellington Management receives for managing the portfolios. Mr. Markand also manages accounts which pay performance allocations to Wellington Management or its affiliates. Because incentive payments paid by Wellington Management to the Portfolio Manager are tied to revenues earned by Wellington Management and, where noted, to the performance achieved by the manager in each account, the incentives associated with any given account may be significantly higher or lower than those associated with other accounts managed by the Portfolio Manager. Finally, the Portfolio Manager may hold shares or investments in the other pooled investment vehicles and/or other accounts identified above.

Wellington Management's goal is to meet its fiduciary obligation to treat all clients fairly and provide high quality investment services to all of its clients. Wellington Management has adopted and implemented policies and procedures, including brokerage and trade allocation policies and procedures, which it believes address the conflicts associated with managing multiple accounts for multiple clients. In addition, Wellington Management monitors a variety of areas, including compliance with primary account guidelines, the allocation of IPOs, and compliance with the firm's Code of Ethics, and places additional investment restrictions on investment professionals who manage hedge funds and certain other accounts. Furthermore, senior investment and business personnel at Wellington Management periodically review the performance of Wellington Management's investment professionals. Although Wellington Management does not track the time an investment professional spends on a single account, Wellington Management does periodically assess whether an investment professional has adequate time and resources to effectively manage the investment professional's various client mandates.

Compensation

Wellington Management receives a fee based on the assets under management of each portfolio as set forth in the Investment Sub-advisory Agreement between Wellington Management and TAM on behalf of each portfolio. Wellington Management pays its investment professionals out of its total revenues, including the advisory fees earned with respect to each portfolio. The following information relates to the fiscal year ended December 31, 2013.

Wellington Management's compensation structure is designed to attract and retain high-caliber investment professionals necessary to deliver high quality investment management services to its clients. Wellington Management's compensation of the portfolio manager listed in the prospectus who is primarily responsible for the day-to-day management of the portfolios ("Portfolio Manager") includes a base salary and incentive components. The base salary for each Portfolio Manager who is a partner of Wellington Management is generally a fixed amount that is determined by the Managing Partners of the firm. The Portfolio Manager is eligible to receive an incentive payment based on the revenues earned by Wellington Management from the portfolios and generally each other account managed by such Portfolio Manager. The Portfolio Manager's incentive payment relating to the portfolios is linked to the gross pre-tax performance of the portfolios managed by the Portfolio Manager compared to the benchmark index and/or peer group identified below over one and three year periods, with an emphasis on three year results. In 2012, Wellington Management began placing increased emphasis on long-term performance and is phasing in a five-year performance comparison period, which will be fully implemented by December 31, 2016. Wellington Management applies similar incentive compensation structures (although the benchmarks or peer groups, time periods and rates may differ) to other accounts managed by the Portfolio Manager, including accounts with performance fees.

Portfolio-based incentives across all accounts managed by an investment professional can, and typically do, represent a significant portion of an investment professional's overall compensation; incentive compensation varies significantly by individual and can vary significantly from year to year. The Portfolio Manager may also be eligible for bonus payments based on his overall contribution to Wellington Management's business operations. Senior management at Wellington Management may reward individuals as it deems appropriate based on other factors. Each partner of Wellington Management is eligible to participate in a partner-funded tax qualified retirement plan, the contributions to which are made pursuant to an actuarial formula.

Portfolio	Benchmark Index and/or Peer Group for Incentive Period
Transamerica WMC US Growth VP	Russell 1000® Growth Index
Transamerica WMC US Growth II VP	Russell 1000® Growth Index

Ownership of Securities

As of August 31, 2014, the portfolio manager(s) did not beneficially own any shares of the portfolio(s).

Western Asset Management Company ("Western Asset")

Transamerica Legg Mason Dynamic Allocation – Balanced VP

Portfolio Manager	Registered Investment Companies		Other Pooled Investment Vehicles		Other Accounts	
	Number	Assets Managed	Number	Assets Managed	Number	Assets Managed
S. Kenneth Leech	25	$18.01 billion	56	$32.68 billion	110	$31.34 billion
Prashant Chandran	5	$37.04 million	4	$838.10 million	2	$9.73 million
Jim K. Huynh	1	$0.99 million	1	$65.86 million	0	$0
Fee Based Accounts (The number of accounts and the total assets in the accounts managed by each portfolio manager with respect to which the advisory fee is based on the performance of the account.)						
S. Kenneth Leech	0	$0	2	$272.14 million	9	$3.32 billion
Prashant Chandran	0	$0	1	$131.50 million	0	$0
Jim K. Huynh	0	$0	0	$0	0	$0

Transamerica Legg Mason Dynamic Allocation – Growth VP

Portfolio Manager	Registered Investment Companies		Other Pooled Investment Vehicles		Other Accounts	
	Number	Assets Managed	Number	Assets Managed	Number	Assets Managed
S. Kenneth Leech	25	$18.02 billion	56	$32.68 billion	110	$31.34 billion
Prashant Chandran	5	$37.73 million	4	$838.10 million	2	$9.73 million
Jim K. Huynh	1	$1.68 million	1	$65.86 million	0	$0
Fee Based Accounts (The number of accounts and the total assets in the accounts managed by each portfolio manager with respect to which the advisory fee is based on the performance of the account.)						
S. Kenneth Leech	0	$0	2	$272.14 million	9	$3.32 billion
Prashant Chandran	0	$0	1	$131.50 million	0	$0
Jim K. Huynh	0	$0	0	$0	0	$0

Conflicts of Interest

Western Asset has adopted compliance policies and procedures to address a wide range of potential conflicts of interest that could directly impact client portfolios. For example, potential conflicts of interest may arise in connection with the management of multiple portfolios (including portfolios managed in a personal capacity). These could include potential conflicts of interest related to the knowledge and timing of a portfolio's trades, investment opportunities and broker selection. Portfolio managers are privy to the size, timing, and possible market impact of a portfolio's trades.

It is possible that an investment opportunity may be suitable for both a portfolio and other accounts managed by a portfolio manager, but may not be available in sufficient quantities for both the portfolio and the other accounts to participate fully. Similarly, there may be limited opportunity to sell an investment held by a portfolio and another account. A conflict may arise where the portfolio manager may have an incentive to treat an account preferentially as compared to a portfolio because the account pays a performance-based fee or the portfolio manager, Western Asset or an affiliate has an interest in the account. The firm has adopted procedures for allocation of portfolio transactions and investment opportunities across multiple client accounts on a fair and equitable basis over time. All eligible accounts that can participate in a trade share the same price on a pro-rata allocation basis to ensure that no conflict of interest occurs. Trades are allocated among similarly managed accounts to maintain consistency of portfolio strategy, taking into account cash availability, investment restrictions and guidelines, and portfolio composition versus strategy.

With respect to securities transactions, Western Asset determines which broker or dealer to use to execute each order, consistent with its duty to seek best execution of the transaction. However, with respect to certain other accounts (such as pooled investment vehicles that are not registered investment companies and other accounts managed for organizations and individuals), the firm may be limited by the client with respect to the selection of brokers or dealers or may be instructed to direct trades through a particular broker or dealer. In these cases, trades for a portfolio in a particular security may be placed separately from, rather than aggregated with, such other accounts. Having separate transactions with respect to a security may temporarily affect the market price of the security or the execution of the transaction, or both, to the possible detriment of a portfolio or the other account(s) involved. Additionally, the management of multiple portfolios and/or other accounts may result in a portfolio manager devoting unequal time and attention to the management of each portfolio and/or other account. Western Asset's team approach to portfolio management and block trading approach works to limit this potential risk.

The firm also maintains a gift and entertainment policy to address the potential for a business contact to give gifts or host entertainment events that may influence the business judgment of an employee. Employees are permitted to retain gifts of only a nominal value and are required to make reimbursement for entertainment events above a certain value. All gifts (except those of a de minimus value) and entertainment events that are given or sponsored by a business contact are required to be reported in a gift and entertainment log which is reviewed on a regular basis for possible issues.

Employees of the firm have access to transactions and holdings information regarding client accounts and the firm's overall trading activities. This information represents a potential conflict of interest because employees may take advantage of this information as they trade in their personal accounts. Accordingly, the firm maintains a Code of Ethics that is compliant with Rule 17j-1 and Rule 204A-1 to address personal trading. In addition, the Code of Ethics seeks to establish broader principles of good conduct and fiduciary responsibility in all aspects of the firm's business. The Code of Ethics is administered by the Legal and Compliance Department and monitored through the firm's compliance monitoring program.

Western Asset may also face other potential conflicts of interest with respect to managing client assets, and the description above is not a complete description of every conflict of interest that could be deemed to exist. The firm also maintains a compliance monitoring program and engages independent auditors to conduct a SSAE16/ISAE 3402 audit on an annual basis. These steps help to ensure that potential conflicts of interest have been addressed.

Portfolio Manager Compensation

At Western Asset, one compensation methodology covers all products and functional areas, including portfolio managers. Western Asset's philosophy is to reward its employees through total compensation. Total compensation is reflective of the external market value for skills, experience, ability to produce results and the performance of one's group and the firm as a whole.

Discretionary bonuses make up the variable component of total compensation. These are structured to reward sector specialists for contributions to the firm as well as relative performance of their specific portfolios/product and are determined by the professional's job function and performance as measured by a formal review process.

For portfolio managers, the formal review process includes a thorough review of portfolios they were assigned to lead, or with which they were otherwise involved, and includes not only investment performance, but maintaining a detailed knowledge of client portfolio objectives and guidelines, monitoring of risks and performance for adherence to these parameters, execution of asset allocation consistent with current firm and portfolio strategy and communication with clients. In reviewing pre-tax investment performance, one-, three- and five-year annualized returns are measured against appropriate market peer groups and to each fund's benchmark index.

Ownership of Securities

As of December 31, 2013, the portfolio manager(s) did not beneficially own any shares of the portfolio(s).