

Transamerica Asset Allocation - Conservative Portfolio

Class A ICLAX | Class I TACIX

Investment Objective

The fund seeks current income and preservation of capital.

Sub-adviser

Morningstar Investment Management LLC (Morningstar)



Portfolio Managers

Dan McNeela, CFA
Michael Stout, CFA

Product Profile

A comprehensive investment solution designed to help you achieve your tomorrows

- ➔ Broad diversification in one long-term investment
- ➔ Active management with more than twenty unique investment managers
- ➔ Daily portfolio management and oversight by Morningstar Investment Management investment professionals

Fund Facts

Inception Date (A-I)	03/01/02 - 11/30/09
Benchmark Index	Bloomberg Barclays US Aggregate Bond Index, Wilshire 5000 Total Market Index, Transamerica Asset Allocation - Conservative Portfolio Blended
Morningstar Category	Allocation--30% to 50% Equity
Lipper Category	Mixed-Asset Target Allocation Conservative
Dividend Frequency	Quarterly

This material was prepared for general distribution. It is being provided for informational purposes only and should not be viewed as an investment recommendation. If you need advice regarding your particular investment needs, contact your financial professional.

Macroeconomic Overview

The S&P 500®'s 4.5% third-quarter return marked its eighth consecutive quarterly gain. Earnings growth has been fueling the U.S. stock rally, with earnings for S&P 500® companies outpacing year-ago levels by more than 10%. The macroeconomic landscape has been strong too: Manufacturing activity grew in September at the fastest rate since May 2004. These factors have helped push the S&P 500® up 14.2% so far this year. International stocks continued to outperform in the third quarter, with the MSCI EAFE Index gaining 5.4% and the MSCI Emerging Market rising 7.9%. The MSCI EAFE Index is up 20% year to date and the MSCI Emerging Markets Index 27.8%. Bonds have withstood two Federal Reserve rate hikes so far this year. The Bloomberg Barclays U.S. Aggregate Bond Index returned 0.8% in the quarter and is up 3.1% year to date. High-yield bonds and emerging-markets debt have topped those returns.

Fund Overview

In 2017's third quarter, Transamerica Asset Allocation—Conservative Portfolio 2.28% return was slightly ahead of the 2.21% return of the blended benchmark. An overweight to foreign stocks was positive, as international stocks outpaced U.S. stocks. Overweighting emerging-markets equity was especially helpful, and built-in exposure to international small caps provided a nice boost. On the bond side, good performance from the portfolio's core bond funds was helpful, as was overweighting emerging-markets debt. These positives were partly offset by a modest underweight in equity (33.2% as of 9/30/17), which comes entirely from the U.S. side, where management believes valuations are stretched. Meanwhile, the portfolio's absolute-return strategy sleeve lagged stocks in the quarter, but outpaced bonds. The absolute-return allocation is a substitute for a portion of the bond portfolio to help guard against rising interest rates.

Outlook

Morningstar considers U.S. stocks to be trading expensively following eight consecutive quarterly gains in the S&P 500® and a 37% rise since September 2015. Morningstar is therefore modestly underweighting overall equity in the portfolio while favoring foreign equities more than usual. While the portfolio is underweight equity on the whole (33.3% of assets versus the blended benchmark's 35% target), the underweight comes from the U.S. side, as foreign equity is actually overweight the benchmark. Most bonds also trade expensively amid the low-rate environment. To guard against rising interest rates, the managers are maintaining a below-benchmark bond portfolio duration, favoring floating-rate bank loans in the credit-sensitive sleeve, and substituting absolute-return funds for a portion of the bond exposure.

**Not insured by FDIC or any federal government agency. May lose value.
Not a deposit of or guaranteed by any bank, bank affiliate, or credit union.**

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Risk Measures* 3 Years

Alpha	-0.72
Beta	1.05
R-Squared	93.10
Standard Deviation	4.17

*Risk measures are in comparison to the fund's blended benchmark unless otherwise indicated. Based on Class A shares at NAV for the 3-year period.

Alpha is a coefficient measuring the portion of a fund's return arising from specific (non-market) risk. Historical **Beta** illustrates a fund's sensitivity to price movements in relation to a benchmark index. **R-Squared** is a statistical measure that represents the percentage of a fund's movements that can be explained by movements in a benchmark index. **Standard Deviation** is a statistical measurement that helps to gauge the fund's historical volatility.

Fixed Income Statistics

Average Maturity	7.13 years
Average Duration	4.73 years

Source: Morningstar Investment Management LLC
Average Maturity is computed by weighting the maturity of each security in the portfolio by the market value of the security, then averaging these weighted figures.

Average Duration is a time measure of a bond's interest-rate sensitivity, based on the weighted average of the time periods over which a bond's cash flows accrue to the bondholder.

Equity Statistics

Median Market Cap	\$11.53 (B)
Weighted Average Market Cap	\$103.00 (B)

B = Billions

Top 10 Holdings

Fund Name	Sub-Adviser	% of Holdings
Transamerica Total Return	Pacific Investment Management Company LLC	14.81
Transamerica Core Bond	J.P. Morgan Investment Management Inc.	11.70
Transamerica Intermediate Bond	Aegon USA Investment Management, LLC	8.78
Transamerica Short-Term Bond	Aegon USA Investment Management, LLC	6.04
Transamerica Bond	Loomis, Sayles & Company, L.P.	5.53
Transamerica International Equity	Thompson, Siegel & Walmsley LLC	4.71
Transamerica Large Cap Value	Levin Capital Strategies, L.P.	4.59
Transamerica Floating Rate	Aegon USA Investment Management, LLC	4.59
Transamerica Inflation Opportunities	PineBridge Investments LLC	4.24
Transamerica Dividend Focused	Barrow, Hanley, Mewhinney & Strauss, LLC	4.19
Percentage of total portfolio		69.18

Each portfolio allocates its assets among Class I2 shares of various underlying funds of Transamerica Funds. Not all classes are available to investors. Holdings are subject to change and are not recommendations to buy or sell a security. Holdings excludes net other assets (liabilities).

Weightings vs Targets (%)

	Target	Underweight	Within Target Range	Overweight
Large Cap Stocks	14.0	12.4	–	–
Small/Mid Cap Stocks	6.5	4.6	–	–
Foreign Developed Stocks	6.5	–	–	10.2
Foreign Emerging Markets Stocks	2.0	–	–	4.4
Investment-Grade Domestic Bonds	31.0	–	–	42.4
Inflation Adjusted Bonds	7.0	–	–	2.4
High Yield Bonds	4.0	–	6.4	–
Short-Term Bonds (including cash)	15.0	3.4	–	–
Foreign Developed Bonds	6.0	2.1	–	–
Foreign Emerging Markets Bonds	3.0	5.6	–	–
Real Estate	3.0	0.5	–	–
Alternatives	2.0	–	–	5.4
Other	–	–	0.3	–

*Alternatives include long/short, global-macro, managed futures, and commodity strategies.

**May include unclassified securities such as derivatives and private/restricted equity.

Weightings are subject to change without notice.

Source: Morningstar Investment Management LLC

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Total Return Performance (%)

	3 Mo	YTD	1 Yr	3 Yr*	5 Yr*	10 Yr*	Inception*
Class A (at NAV)	2.28	7.81	6.97	4.64	5.21	4.17	5.45
Class A (at POP)	-3.36	1.87	1.07	2.69	4.02	3.59	5.07
Class I (at NAV)	2.42	8.06	7.27	4.89	5.49	N/A	6.06
Bloomberg Barclays U.S. Aggregate Bond Index	0.85	3.14	0.07	2.71	2.06	4.27	–
Wilshire 5000 Total Market Index	4.50	13.75	18.62	10.40	14.07	7.62	–
Asset Alloc. - Conservative Blended Benchmark	2.21	7.51	6.38	5.13	5.81	5.14	–

* Average Annual Total Return

Calendar Year Performance (%)

	2016	2015	2014	2013	2012	2011	2010
Class A (at NAV)	5.51	-0.53	4.18	8.35	9.58	0.11	9.63
Class I (at NAV)	5.62	-0.29	4.54	8.69	9.98	0.43	10.02
Bloomberg Barclays U.S. Aggregate Bond Index	2.65	0.55	5.97	-2.02	4.22	7.84	6.54
Wilshire 5000 Total Market Index	13.03	-0.23	12.10	33.98	16.11	0.60	17.87
Asset Alloc. - Conservative Blended Benchmark	4.97	0.90	6.83	8.27	8.60	4.64	9.34

There are no sales charges on Class I. Class I shares are primarily offered for investment to institutional investors including, but not limited to, fee-based programs, pension plans, and certain endowment plans and foundations.

All opinions, estimates, projections and security selections contained herein are those of the sub-adviser. It does not constitute investment advice and should not be used as a basis for any investment decisions.

The performance data presented represents past performance, which is no guarantee of future results. Current performance may be lower or higher than the performance data quoted. Please see transamerica.com for performance data current to the most recent month-end. The investment return and principal value of mutual funds will fluctuate over time so that shares, when redeemed, may be worth more or less than their original cost.

Net asset value (NAV) returns include reinvestment of dividends and capital gains but do not reflect the deduction of any sales charges. If a sales charge had been deducted, the results would have been lower. Public offering price (POP) returns include reinvestment of dividends and capital gains and reflect the maximum sales charge of 5.50%. Performance for other share classes will vary.

The gross expense ratios for this fund are 1.22%, and 1.00% for Class A, and I shares, respectively. The net expense ratios for this fund are 1.22%, and 1.00% for Class A, and I shares respectively. Contractual arrangements have been made with the fund's investment manager, Transamerica Asset Management, Inc. (TAM), through March 1, 2018.

The fund's adviser, Transamerica Asset Management, Inc. (TAM) has chosen Morningstar Investment Management LLC, a registered investment advisor and wholly owned subsidiary of Morningstar, Inc., to serve as portfolio construction manager to the Transamerica Asset Allocation Portfolios. Morningstar is not acting in the capacity of an advisor to individual investors. Morningstar is not affiliated with Transamerica or its affiliates. The Morningstar name and logo are registered marks of Morningstar, Inc. All other marks are the property of their respective owners.

Performance figures reflect any fee waivers and/or expense reimbursements by the Investment Manager. Without such waivers and/or reimbursements, the performance would be lower. Future waivers and/or reimbursements are at the discretion of the Investment Manager.

Wilshire 5000 Total Market Index, Bloomberg Barclays U.S. Aggregate Bond Index (BBAB), and Transamerica Asset Allocation - Conservative Blended Benchmark (Asset Alloc. - Conservative Blended Benchmark) (65% BBAB, 25% S&P 500®, and 10% MSCI Europe, Australasia and Far East Index) are unmanaged indices used as general measures of market performance. It is not possible to invest directly into an index. Calculations assume dividends and capital gains are reinvested and do not include any managerial expenses.

Asset allocation, like many investment strategies, offers no guarantee of positive returns, and mutual funds are subject to market risk, including loss of principal. Global/international stock funds and specialty/sector funds are subject to additional market risks. Fees associated with a fund-of-funds may be higher than with other funds. An investment in the fund is subject to the risks associated with the underlying funds including fixed income investing which is subject to credit risk, inflation risk, and interest rate risk. Investments in small- and medium-sized companies present additional risks such as increased volatility because their earnings are less predictable, their share price more volatile, and their securities less liquid than larger or more established companies.

Before investing, consider the fund's investment objective, risks, charges, and expenses. Contact your financial professional or go to transamerica.com for a prospectus and/or summary prospectus with this information. Read it carefully.

Transamerica Funds are advised by Transamerica Asset Management, Inc. and distributed by Transamerica Capital, Inc.

1801 California St. Suite 5200, Denver, CO 80202

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