

# Transamerica Asset Allocation - Growth Portfolio

Class A IAAAX | Class I TAGIX

## Investment Objective

The fund seeks long-term capital appreciation.

## Sub-adviser

Morningstar Investment Management LLC (Morningstar)



## Portfolio Managers

Dan McNeela, CFA  
Michael Stout, CFA  
John McLaughlin, 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	Wilshire 5000 Total Market Index, Transamerica Asset Allocation - Growth Blended Benchmark
Morningstar Category	Allocation--85%+ Equity
Lipper Category	Mixed-Asset Target Allocation Aggregate Growth
Dividend Frequency	Annually

## Macroeconomic Overview

Stocks were a big winner in 2017. Including a 6.6% fourth-quarter gain, the S&P 500® recorded a 21.8% return for 2017. That marked its ninth consecutive annual increase. The year started on a strong note, with business confidence rising on hopes of lower taxes and less regulation from a Trump administration. Improving global economic growth and a declining U.S. dollar provided additional fuel for U.S. corporate earnings. Growth-oriented technology stocks delivered the biggest returns, but participation was broad, with financials, health care, industrials, and consumer cyclicals all rising sharply. Energy was the only sector to be left out, as oil prices retreated for part of the year. Although U.S. stocks led in the fourth quarter, international stocks outperformed for the full year, with the MSCI EAFE Index gaining 25.0% (4.2% in Q4). Emerging markets were particularly strong; the MSCI Emerging Markets Index rose 7.4% in the fourth quarter, capping a 37.3% year. Bonds were flatter in Q4, but decent for the year despite the U.S. Federal Reserve raising interest rates three times and reducing its bond holdings. The Bloomberg Barclays US Aggregate Bond Index returned 3.5% in 2017 (0.4% in Q4). The strong global economy helped corporate bonds and emerging-markets debt, rewarding investors willing to take risk.

## Fund Overview

In 2017's fourth quarter, Transamerica Asset Allocation—Growth Portfolio Class A Share's 4.51% return came in behind the 5.29% return of the blended benchmark. The fund was moderately underweight the neutral 95% equity target owing to what management deemed high valuations in the U.S., and that hindered returns as stocks rose even further during the quarter. A position in an energy infrastructure fund also lagged the overall equity market. Helping returns were an overweight to emerging markets, exposure to foreign small-cap stocks, and an underweight to global real estate. The performance of the underlying funds was a moderate detractor in the fourth quarter. The U.S. large-cap growth funds delivered competitive gains relative to their asset class, as did the international small-cap funds. But some of the funds in the U.S. mid- and small-cap area, as well as the two emerging-markets equity funds, lagged a bit relative to their asset classes. For the full year, underlying fund performance was a positive contributor in Morningstar's analysis.

## Outlook

Morningstar considers U.S. stocks to be trading expensively following nine consecutive quarterly gains in the S&P 500®, and its near-49% gain since September 30, 2015. Morningstar is therefore moderately underweighting equity. Specifically, U.S. equity is meaningfully underweight while international equity is overweight but by a lesser amount, resulting in an aggregate equity weight of 92.4% versus the blended benchmark's 95% target. The non-equity portion is made up of 5.7% in absolute-return strategies plus small amounts of cash held in the underlying funds. In an effort to further protect on the downside, Morningstar has also shifted assets more toward funds with portfolios favoring higher-quality companies as measured by earnings stability, profitability, and debt levels.

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## Risk Measures

3 years

	Portfolio
Alpha	-0.08
Beta	0.96
Information Ratio	-0.27
R-Squared	96.60
Sharpe Ratio	0.97
Standard Deviation	8.94
Tracking Error	1.68

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. **Information Ratio** is a ratio of portfolio returns above those of a benchmark compared to the volatility of those returns. **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. **Sharpe Ratio** is a risk-adjusted measure calculated by using standard deviation and excess return to determine reward per unit of risk. **Standard Deviation** is a statistical measurement that helps to gauge the fund's historical volatility. **Tracking Error** is the difference between the price behavior of a fund and the price behavior of a benchmark.

## Equity Statistics

Median Market Cap	<b>\$10.81 (B)</b>
Weighted Average Market Cap	<b>\$106.00 (B)</b>

**B** = Billions

## Top 10 Holdings

Fund Name	Sub-Adviser	% of Holdings
Transamerica Developing Markets Equity	OppenheimerFunds, Inc.	11.90
Transamerica International Equity	Thompson, Siegel & Walmsley LLC	11.69
Transamerica Dividend Focused	Barrow, Hanley, Mewhinney & Strauss, LLC	10.64
Transamerica Large Cap Value	Levin Capital Strategies, L.P.	10.01
Transamerica International Equity Opportunities	MFS® Investment Management	6.60
Transamerica Growth	Jennison Associates LLC	5.15
Transamerica Emerging Markets Equity	ClariVest Asset Management LLC	4.57
Transamerica MLP & Energy Income	Kayne Anderson Capital Advisors, L.P.	4.15
Transamerica US Growth	Wellington Management Company, LLP	3.96
Transamerica Mid Cap Value	J.P. Morgan Investment Management Inc.	3.83
<b>Percentage of total portfolio</b>		<b>72.50</b>

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	39.0	30.1	–	–
Small/Mid Cap Stocks	19.0	13.5	–	–
Foreign Developed Stocks	18.5	–	–	27.7
Foreign Emerging Markets Stocks	6.5	–	–	15.2
Investment-Grade Domestic Bonds	–	–	–	–
Inflation Adjusted Bonds	–	–	–	–
High Yield Bonds	–	–	–	–
Short-Term Bonds (including cash)	3.0	–	1.9	–
Foreign Developed Bonds	–	–	–	–
Foreign Emerging Markets Bonds	–	–	–	–
Real Estate	4.0	1.9	–	–
Alternatives*	10.0	–	–	9.7
Other**	–	–	–	–

\*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

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.

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## Total Return Performance (%)

	3 Mo	YTD	1 Yr	3 Yr*	5 Yr*	10 Yr*	Inception*
Class A (at NAV)	4.51	20.16	20.16	9.09	11.76	5.14	6.41
Class A (at POP)	-1.24	13.52	13.52	7.06	10.50	4.54	6.03
Class I (as NAV)	4.60	20.51	20.51	9.38	12.08	N/A	10.63
Wilshire 5000 Total Market Index	6.37	20.99	20.99	10.91	15.43	8.63	–
Asset Alloc. - Growth Blended Benchmark	5.29	20.39	20.39	9.41	12.13	6.18	–

\* Average Annual Total Return

## Calendar Year Performance (%)

	2017	2016	2015	2014	2013	2012	2011
Class A (at NAV)	20.16	8.29	-0.22	5.33	27.49	14.62	-6.38
Class I (at NAV)	20.51	8.51	0.06	5.63	27.95	15.00	-5.95
Wilshire 5000 Total Market Index	20.99	13.03	-0.23	12.10	33.98	16.11	0.60
Asset Alloc. - Growth Blended Benchmark	20.39	7.89	0.82	7.11	26.34	14.86	-1.83

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.

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.

**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 1.45%, and 1.18% for Class A, and I shares, respectively. The net expense ratios for this fund are 1.45%, and 1.18% 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.

The Wilshire 5000 Total Market Index and Transamerica Asset Allocation - Growth Blended Benchmark (Asset Alloc. - Growth Blended Benchmark) (63% S&P 500®, 27% MSCI Europe, Australasia and Far East, and 10% Bloomberg Barclays 1-3 Year US Treasury 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. Funds that invest 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.

**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.**

**Mutual Funds are sold by prospectus. Before investing, consider the funds' investment objectives, risks, charges, and expenses. This and other important information is contained in the prospectus. Please go to [www.transamerica.com](http://www.transamerica.com) or contact your financial professional to obtain a prospectus or, if available, a summary prospectus containing this information. Please read it carefully before investing.**