

# Transamerica Dynamic Allocation

Class A ATTRX | Class I ITTOX

## Investment Objective

The fund seeks the highest total return (that is, a combination of income and long-term capital appreciation) over time consistent with its asset mix. The fund will seek to reduce volatility as a secondary objective.

## Sub-adviser

QS Investors, LLC (QS)



## Portfolio Managers

Thomas Picciochi  
Ellen Tesler  
Adam J. Petryk, CFA

## Sub-adviser

Western Asset Management Company



## Portfolio Managers

S. Kenneth Leech  
Prashant Chandran  
Jim K. Huynh

## Product Profile

An asset allocation fund with a structure designed to help reduce downside volatility.

- ➔ Invests primarily in exchange-traded funds that represent a broad range of asset classes, investment styles and focuses.
- ➔ Utilizes traditional diversification, dynamic rebalancing, and event risk management to achieve its investment objective.

## Fund Facts

Inception Date (A-I)	10/31/12 - 10/31/12
Benchmark Index	Russell 3000® Index, Transamerica Dynamic Allocation Blended Benchmark
Morningstar Category	Tactical Allocation
Lipper Category	Flexible Portfolio
Dividend Frequency	Annually

## Macroeconomic Overview

Equity performance in the fourth quarter of 2017 largely mirrored strong, consistent growth throughout 2017, and was persistent across most major regions. U.S. equities (S&P 500®), led the way, followed by emerging markets (MSCI Emerging Markets Index), and international-developed equities (MSCI EAFE Index); appreciating 6.6%, 5.7%, and 4.3%, respectively. The quarter's strong equity market performance was driven by many advanced economies approaching full employment and inflation rising slowly. In addition to this, strong economic data throughout the quarter provided additional fuel for broad equity market appreciation. All of these pro-growth factors contributed to muted results in the fixed income market, with the Bloomberg Barclays Global Aggregate Index rising 1.1% and Bloomberg Barclays US Aggregate Index gaining 0.4%. Commodities had their strongest quarter of performance this year, appreciating 4.4% (Bloomberg Commodity Index). This was primarily attributed to a sharp rise in crude oil during the quarter, which rose 16.9%. The U.S. dollar slowed its losses, falling only 0.09% in the fourth quarter, following declines of 3.5% and 3.2% in the first two quarters of the year.

## Fund Overview

Transamerica Dynamic Allocation underperformed its benchmark, net of fees, during the quarter. The fund was fully invested to its strategic targets throughout the quarter, as markets were positive and volatility remained low. The Event Risk Management (ERM) strategy and sub-asset class selection effect were the primary reasons for underperformance. ERM, a tail risk put option strategy managed by Western Asset, declined due to its inverse relationship with U.S. equity markets. International fixed income and international equity were the main factors within sub-asset class effect. The fund's U.S. dollar-hedged International fixed income position underperformed its unhedged benchmark. On the equity side, MSCI EAFE Index underperformed broader developed indices. In absolute terms the fund's return, all underlying exchange-traded (ETF) holdings had positive returns in the quarter. U.S. large cap growth was the best performing sector, followed by U.S. large cap value. Within fixed income, international outperformed U.S.

## Outlook

At the end of December, QS favors U.S. equities versus investment grade bonds, though this conviction level was approaching a 12-month low. This level of conviction in U.S. equities was lower than one month prior, largely due to QS' Leading Economic Indicator Index (LEI). The LEI was driven down largely due to a negative change in global trade data and change in average hours worked. Additionally, a rising interest rate trend also moderated the preference for equities versus bonds. QS has stronger conviction in international-developed equities over U.S. equities, largely on the observation of steeper yield curves in EAFE countries and a more favorable valuation level. Stronger price momentum in U.S. markets served as the only moderating factor between these assets. In fixed income, QS is modestly in favor of U.S. high yield bonds over investment grade. This view is driven by spread tightening and relative valuation between the two assets.

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](http://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.**

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.

**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.**

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Not a deposit or guaranteed by any bank, bank affiliate, or credit union.**

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## Risk Measures

3 Years

	Portfolio
Alpha	-1.43
Beta	0.76
Information Ratio	-1.30
R-Squared	90.60
Sharpe Ratio	0.76
Standard Deviation	5.92
Tracking Error	2.51

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.

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.

**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 1.55% and 1.25% for Class A and Class I shares, respectively. The net expense ratios for this fund are 1.32% and 1.07% for Class A and Class I shares, respectively. Contractual arrangements have been made with the fund's investment manager, Transamerica Asset Management, Inc. (TAM), through March 1, 2018.**

The Russell 3000® Index and Transamerica Dynamic Allocation Blended Benchmark (Russell 1000® Index, 50%; Bloomberg Barclays Global Aggregate ex-U.S., 15%; Bloomberg Barclays U.S. Aggregate Bond Index, 15%; MSCI All Country World Index ex-U.S., 10%; Russell 2000® Index, 10%) are unmanaged indices used as a general measure 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. ETFs generally present the same risks as an investment in a conventional fund that has the same investment objectives, strategies, and policies. The market price of a ETFs share may be above or below the shares' net asset value; and an active trading market for an ETF share may not develop or be maintained. The risks of investing in foreign securities are magnified in emerging markets. These may include risks related to market and currency volatility, adverse social and political developments and the relatively small size and less liquidity of these markets. Fixed income investing is subject to credit risk, inflation risk and interest rate risk.

**Mutual Funds are sold by prospectus. Before investing, consider the funds' investment objectives, risks, charges, and expenses. This and other important information is contain 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.**

Transamerica Funds are advised by Transamerica Asset Management, Inc. and distributed by Transamerica Capital, Inc.  
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## Top 10 Holdings

	% of Holdings
iShares Russell 1000 Value ETF	24.91
iShares Russell 1000 Growth ETF	24.72
iShares Core U.S. Aggregate Bond ETF	14.52
Vanguard Total International Bond ETF	14.35
iShares MSCI EAFE ETF	9.86
iShares Russell 2000 ETF	9.86
Option Purchased, PUT, S&P 500®	0.13
Option Purchased, PUT, S&P 500®	0.13
Option Purchased, PUT, S&P 500®	0.06
Option Purchased, PUT, S&P 500®	0.05
<b>Percentage of total portfolio</b>	<b>98.59</b>

Holdings are subject to change and are not recommendations to buy or sell a security. Holdings excludes net other assets (liabilities).

## Total Return Performance (%)

	3 Mo	YTD	1 Yr	3 Yr*	5 Yr*	10 Yr	Inception*
Class A (at NAV)	3.69	12.50	12.50	4.91	7.25	N/A	7.38
Class A (at POP)	-2.04	6.35	6.35	2.97	6.05	N/A	6.22
Class I (at NAV)	3.81	12.87	12.87	5.19	7.56	N/A	7.68
Russell 3000® Index	6.34	21.13	21.13	11.12	15.58	N/A	-
Transamerica Dynamic Allocation Blended Benchmark	4.42	16.98	16.98	8.13	10.23	N/A	-

\* Average Annual Total Return

## Calendar Year Performance (%)

	2017	2016	2015	2014	2013	2012	2011
Class A (at NAV)	12.50	4.58	-1.86	3.92	18.25	N/A	N/A
Class I (at NAV)	12.87	4.82	-1.63	4.26	18.64	N/A	N/A
Russell 3000® Index	21.13	12.74	0.48	12.56	33.55	N/A	N/A
Transamerica Dynamic Allocation Blended Benchmark	16.98	9.36	-1.16	7.08	20.22	N/A	N/A