Quarterly Commentary | December 31, 2017

Transamerica Multi-Managed Balanced

Class A IBALX | Class I TBLIX

Investment Objective

The fund seeks to provide a high total investment return through investments in a broadly diversified portfolio of stocks, bonds, and money market instruments.

Sub-advisers

Fixed Income

Aegon USA Investment Management, LLC (AUIM)

Equity

J.P. Morgan Investment Management Inc. (JPMorgan)

Product Profile

Traditional balanced fund designed to seek a high total investment return

- JPMorgan manages equity portion similar to those of the S&P 500®
- AUIM manages fixed income portion using a combination of a global "top down" analysis and a "bottom up" fundamental analysis, which invests in investment grade securities

Fund Facts

Inception Date (A-I)	12/02/94 - 11/30/09
Benchmark Index	S&P 500®, Bloomberg Barclays US Aggregate Bond Index, Transamerica Multi-Managed Balanced Blended Benchmark
Morningstar Category	Allocation--50% to 70% Equity
Lipper Category	Mixed-Asset Target Allocation Growth
Dividend Frequency	Quarterly

Macroeconomic Overview

AUIM: In the fourth quarter, amid strong holiday sales and a synchronized global growth cycle, the Bloomberg Barclays US Aggregate Bond Index's return was 0.39%, capping off a year where total returns were 3.54%. Historically low unemployment, a strong housing market, steadily improving access to consumer credit, easy financial conditions, limited inflationary pressures, and soaring consumer confidence helped push credit spreads lower and asset prices higher. Pro-growth policies, like tax and regulatory reform, buoyed corporate earnings momentum and are extending the business cycle. While central banks continued to be more dovish than hawkish, the U.S. Federal Reserve (Fed) effected three hikes over the year, leading to pressure on higher-quality paper at quarter-end as the 10-year U.S. Treasury yield moved up to approximately the same level where it began the year. The yield curve flattened incessantly and realized volatility plumbed multi-year lows. Commodity prices, particularly crude oil, staged a confident rally over the quarter. Still, inflationary pressures remained under control domestically and globally, kept in check by the flat Phillips Curve and restrained U.S. dollar moves.

JPMorgan: Propelled by expectations for continued economic growth in 2018, U.S. equity markets were up in the fourth quarter for the fifth consecutive quarter. The newly passed tax reform act, continued strength in the job market and the resulting hopes for greater capital investment have led Street analysts to raise earnings estimates and lent support to the equity market. The S&P 500® ended the quarter at 2674, up 6.6%, and volatility continued to be muted. Within the S&P 500®, the consumer discretionary and information technology sectors were the top performers while the weakest performers were the utilities and health care sectors. Small cap stocks measured by the Russell 2000® Index gained 3.3%, underperforming large cap stocks as represented by the S&P 500®.

Fund Overview

AUIM: Carry, spread compression and curve positioning all drove returns, offset by the yield curve shift and short duration positioning. Based on Brinson attribution, allocation to spread-based asset classes benefitted performance, most notably investment-grade credit and an underweight to U.S Treasuries, offset by asset-backed securities (ABS) and non-Agency mortgage-backed securities. On a selection basis, underweight long credit detracted, but performance benefited from U.S. Treasury selection. Yield curve positioning also contributed positively, mainly due to a duration underweight between the 1-year and 5-year points, where rates rose. Looking at the performance by rating, allocation decisions were the biggest drivers of returns, with the largest contributions coming from BBB, AAA, and A. Based on security selection by rating, the largest drags came from BBB and A.

JPMorgan: Transamerica Multi-Managed Balanced performed in line with its benchmark during the quarter. Stock selection in the energy, technology and media sectors helped results while the stock selection in the pharma/medical technology, telecommunications and consumer stable sectors weighed on returns.

Outlook

AUIM: This year, returns are likely to be more carry-driven than due to spread tightening. After three rate hikes last year, AUIM anticipates more hikes in 2018. With a down-in-quality bias, the sub-adviser intends to remain overweight spread-based products. AUIM expects corporate bonds will likely stay attractive in 2018, given healthy macro backdrop and the positive knock-on effects of tax reform. Selectivity is key as mergers and shareholder-friendly activity likely accelerates. AUIM likes financials due to their stronger capital positions and prudential regulatory environment, as well as private label structured products, which may benefit from strong property markets and a healthy consumer.

JPMorgan: JPMorgan believes ongoing economic growth will enable U.S. corporate profits to continue growing in 2018 and estimates double digit S&P 500® earnings growth over 2017. JPMorgan expects the strongest growth from the financials and information technology sectors, where the portfolio is well represented. In the current late cycle growth environment, tax reform should act as a tailwind to growth. Stabilization in the energy and improving profitability should also contribute to profit growth. A weaker dollar, higher oil prices and tightening labor market, should help inflation continue to rise gradually, meaning the Fed will likely raise rates as planned. Despite U.S. equity markets continuing to make new highs, JPMorgan thinks the current above average market multiples are supported by underlying earnings growth expectations and the low yield environment. JPMorgan does not see a material risk of a recession in the near term, but continues to monitor potential risks and the factors that could drive sector and style rotation.

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Risk Measures 3 years

	Portfolio
Alpha	-1.09
Beta	1.02
Information Ratio	-1.15
R-Squared	98.40
Sharpe Ratio	1.06
Standard Deviation	6.12
Tracking Error	0.79

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	**$35.44 (B)**
Weighted Average Market Cap	**$187.00 (B)**

B = Billions

Fixed Income Statistics

Average Price	$105.46
Average Maturity	8.10 years
Average Duration	5.52 years

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.

Contributors*

Leading Contributors	Weight (%)	Return (%)	Contribution (%)
Microsoft Corp.	3.75	15.42	0.55
Apple, Inc.	4.21	10.20	0.40
Amazon.com, Inc.	1.83	21.65	0.36

Detractors*

Leading Detractors	Weight (%)	Return (%)	Contribution (%)
Celgene Corp.	0.66	-28.43	-0.25
General Electric Co	0.62	-27.34	-0.22
ALLERGAN PLC	0.60	-20.19	-0.14

*Source: Morningstar Direct

Top 10 Holdings

	% of Holdings
Apple, Inc.	2.55
Microsoft Corp.	2.33
Federal National Mortgage Association, 3.00%, TBA	1.96
Federal National Mortgage Association, 3.50%, TBA	1.58
Facebook, Inc., Class A	1.38
Bank of America Corp.	1.21
Amazon.com, Inc.	1.17
Alphabet, Inc., Class C	1.08
Alphabet, Inc., Class A	1.07
UnitedHealth Group, Inc.	1.02
Percentage of total portfolio	15.35

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

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Total Return Performance (%)

	3 Mo	YTD	1 Yr	3 Yr*	5 Yr*	10 Yr*	Inception*
Class A (at NAV)	4.00	13.84	13.84	6.89	9.61	6.89	9.15
Class A (at POP)	-1.71	7.57	7.57	4.89	8.37	6.29	8.89
Class I (at NAV)	4.07	14.09	14.09	7.16	9.92	N/A	11.41
S&P 500®	6.64	21.83	21.83	11.41	15.79	8.50	–
Bloomberg Barclays US Aggregate Bond Index	0.39	3.54	3.54	2.24	2.10	4.01	–

* Average Annual Total Return

Calendar Year Performance (%)

	2017	2016	2015	2014	2013	2012	2011
Class A (at NAV)	13.84	7.50	-0.20	10.34	17.38	12.03	3.30
Class I (at NAV)	14.09	7.78	0.07	10.68	17.80	12.57	3.79
S&P 500®	21.83	11.96	1.38	13.69	32.39	16.00	2.11
Bloomberg Barclays US Aggregate Bond Index	3.54	2.65	0.55	5.97	-2.02	4.22	7.84

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 1.08%, and 0.82% for Class A, and I shares, respectively. The net expense ratios for this fund are 1.08%, and 0.82% 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.

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.

S&P 500®, Bloomberg Barclays U.S. Aggregate Bond Index, and Transamerica Multi-Managed Balanced Blended Benchmark (60% S&P 500® and 40% Bloomberg Barclays U.S. Aggregate Bond 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.

The price of equity securities fluctuates based on changes in a company's financial condition and overall market and economic conditions. If the market prices of the equity securities owned by the fund fall, the value of the fund will decline. Fixed income securities have several risks including fluctuations in market value, changes in interest rates as the values will decrease as interest rates rise, and issuers defaulting on their obligations to pay interest or return principal.

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