

Transamerica Asset Allocation Short Horizon

Class R4 TSHFX

Investment Objective

Seeks to provide a high level of income and preservation of capital.

Investment Manager

Transamerica Asset Management, Inc.
(TAM)



Portfolio Managers

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Product Profile

Seeks to provide a high level of income and preservation of capital.

- ➔ Typically targets an allocation of approximately 90% fixed income funds and 10% equity funds.
- ➔ Provides diversified exposure to fixed income asset classes as well as domestic and foreign equity funds.
- ➔ Offers a strategic approach to asset allocation.

Fund Facts

Inception Date	09/11/00
Benchmark Index	Bloomberg Barclays US Aggregate Bond Index, Transamerica Asset Allocation Short Horizon Blended Benchmark
Morningstar Category	Intermediate-Term Bond
Lipper Category	Short-Intermediate Investment Grade Debt
Dividend Frequency	Quarterly

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.

Macroeconomic Overview

The uptrend that resumed in the second quarter continued through the third, with U.S. stocks advancing fairly steadily. Both large and small companies participated in the rally, while growth oriented stocks continued to outperform value. Interest rates continued to move upward, as both the 10-year and 2-year Treasuries finished the quarter higher. The benchmark 10-year U.S. Treasury yield, which had been flirting with the psychologically important 3% level, closed above it by quarter end, pushed higher by continued inflationary pressures and U.S. Federal Reserve (Fed) rate hikes. While trade uncertainty continued to dominate headlines, markets seemed to get used to it, instead focusing on hard economic and market data, most of which continued to show strength. Employment reports continued to show gains, earnings growth remained in the double digits and inflation continued to tick higher, all signs of economic strength. While relatively unchanged in the quarter, energy prices, specifically crude oil, have been one of the stronger inflationary pressures year to date.

Fund Overview

Transamerica Asset Allocation Short Horizon invests approximately 10% in equity funds and 90% in fixed income funds. The portfolio is periodically rebalanced based on how much the underlying holdings drift from the strategic target in an effort to both maintain the target allocations and to redeploy assets incrementally from outperforming holdings into those that were weaker-performing in an effort to continually buy low and sell high. The Fund's best-performing holding during the third quarter was Transamerica Large Growth with a gain of 7.81%. It carried a target weight of 3% and was the top contributor to overall portfolio returns. The top performing fixed income fund, Transamerica High Yield Bond, continued to benefit from a favorable credit environment while avoiding much of the negative impact of rising interest rates that hindered returns in many other fixed income asset classes. It produced a total return of 2.00% and carried a target weight of 10%. The weakest performing holding in the period, Transamerica Inflation Protected Securities, returned -0.74% as rising interest rates hurt the values of some of the longer maturity holdings. The Fund had a target allocation of 16.8%. The weakest equity fund in the portfolio, Transamerica International Equity, gained 0.94% and carried a target weight of 2%.

Outlook

The key point of potential volatility in Q4 looks to be the mid-term elections which will see 35 of the 100 Senate seats and all of the 435 seats in the House of Representatives up for grabs. While little seems to elevate our collective blood pressure as a nation as much as politics these days, TAM reminds investors that politics, especially any single election, has rarely had an outsized impact on markets. Rather, all of the things that TAM looks for in non-election seasons—earnings growth, credit market health, economic metrics, etc.—have historically carried more weight. While it would not surprise TAM at all to see some volatility around the elections, history tells TAM that it generally doesn't last. After raising the policy Fed Funds Rate three times so far in 2018, at the end of Q3 futures markets were still expecting one more increase in December, suggesting more economic growth and inflationary pressures in the future. Longer-term interest rates will also be a focus, as the Fed is engaging in another tightening program—quantitative tightening—by selling Treasury and Agency securities that it had purchased during and after the financial crisis. This selling pressure, currently targeted at \$50 billion per month, will put more supply into the market and could, therefore, continue to put upward pressure on longer-term interest rates.

**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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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.

The fund is newly organized. The fund acquired the assets and assumed the liabilities of three Transamerica Partners funds, including Transamerica Partners Institutional Short Horizon (the "predecessor fund"), on May 19, 2017, and the predecessor fund is the accounting and performance survivor of the reorganizations. This means that the predecessor fund's financial and performance history became the financial and performance history of the fund. In the reorganization of the predecessor fund, shareholders of the predecessor fund received Class R4 shares of the fund. The performance of Class R4 shares includes the performance of the predecessor fund prior to the reorganization, and has not been restated to reflect the estimated annual operating expenses of Class R4 shares. Please read the prospectus for more information.

Top 10 Holdings

Fund Name	Sub-Adviser	% of Holdings
Transamerica Intermediate Bond	Aegon USA Investment Management, LLC	44.40
Transamerica High Quality Bond	Merganser Capital Management, LLC	18.36
Transamerica Inflation-Protected Securities	BlackRock Financial Management, Inc.	16.13
Transamerica High Yield Bond	Aegon USA Investment Management, LLC	9.78
Transamerica Large Growth	Jennison Associates LLC	3.05
Transamerica Large Value Opportunities	PineBridge Investments LLC	3.05
Transamerica Small Cap Core	Systematic Financial Management, L.P.	1.98
Transamerica International Equity	Thompson, Siegel & Walmsley LLC	1.96
Transamerica Government Money Market	Aegon USA Investment Management, LLC	0.20
Net Other Assets (Liabilities)		1.09
Percentage of total portfolio		100.00

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 R4 (at NAV)	0.60	-0.07	1.01	3.13	2.81	4.77	4.42
Bloomberg Barclays US Aggregate Bond Index	0.02	-1.60	-1.22	1.31	2.16	3.77	-
Transamerica Asset Allocation Short Horizon Blended Benchmark	0.76	0.28	1.24	3.34	3.04	4.56	-

*Average Annual Total Return

Calendar Year Performance (%)

	2017	2016	2015	2014	2013	2012	2011
Class R4 (at NAV)	5.20	4.48	-0.72	4.07	1.67	8.27	5.02
Bloomberg Barclays US Aggregate Bond Index	3.54	2.65	0.55	5.97	-2.02	4.22	7.84
Transamerica Asset Allocation Short Horizon Blended Benchmark	4.97	4.89	-0.26	4.57	1.29	6.24	6.26

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.

Gross Expense Ratio: 0.83%; Net Expense Ratio: 0.80% (The fee represents the fund's annualized aggregate asset charges based on the fund's investment in underlying funds as disclosed in the current prospectus.) Contractual arrangements (if applicable) have been made with the fund's investment manager, Transamerica Asset Management, Inc. (TAM), through March 1, 2019.

Net asset value (NAV) returns include reinvestment of dividends and capital gains but do not reflect the deduction of any sales charges. There are no sales charges for Class R4 shares. Class R shares are available only to eligible retirement plans.

The Bloomberg Barclays US Aggregate Bond Index, and Transamerica Asset Allocation Short Horizon Blended Benchmark (Asset Alloc. - Short Horizon Benchmark Blend) (46% Bloomberg Barclays US Aggregate Bond Index, 17% ICE BofAML 1-3 Year U.S. Treasury Index, 15% Bloomberg Barclays US Treasury Inflation-Protected Securities Index, 10% ICE BofAML High Yield Master II Index, 8% Russell 3000® Index, 2% MSCI World Index ex-U.S. and 2% Citigroup 3-Month Treasury Bill 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. Investment 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.

Mutual funds are subject to market risk, including the loss of principal. Past performance is not indicative of future results.

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 or contact your financial professional to obtain a prospectus or, if available, a summary prospectus containing this information. Please read it carefully before investing.