

# 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

Adam J. Petryk, CFA  
Thomas Picciochi  
Ellen Tesler

## Sub-sub-adviser

Western Asset Management Company (WAMC)



## 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

Global equity growth continued in the third quarter, returning 4.8%, driven by U.S. equities, which returned 7.7%. International-developed stocks returned 2.4% in the quarter. Emerging market equities were roughly flat over the quarter (0.1%). Emerging market equity performance is often tied to the U.S. dollar (USD), which was also roughly flat in the period, returning 0.2%. Though there is greater dispersion in global equity returns in 2018 than 2017, the asset class's broad strength this year is a contrast to global fixed income, which has struggled. In the third quarter, global bonds returned -0.9%. U.S. bond markets fared slightly better, with a return of 0.0%. Global stock and bond performance reflects the market's preference to remain "risk on" in spite of the longevity of the U.S. market's current bull run. This sentiment is amplified in the performance of gold, which returned -5.0% in the third quarter. Gold is typically a "flight to quality" asset that appreciates on fears of stock market contraction and depreciates on positive sentiment.

## Fund Overview

Transamerica Dynamic Allocation produced a positive return for the third quarter of 2018, net of fees. Four of the Fund's seven holdings posted positive returns; the best performing Exchange Traded Fund (ETF) holding was the iShares Russell 1000® Growth ETF, with a return of 9.09%. Relative to its benchmark, the Fund underperformed, net of fees. The main detractor was the Fund's tail risk component, via the WAMC Put Strategy, which was negatively impacted by strong equity performance during the quarter. The biggest contributor to performance was style selection in international fixed income; the Fund's USD-hedge allocation outperformed in a volatile FX environment. The Fund's five largest positions at quarter-end were in the iShares Russell 1000® Growth ETF, iShares Russell 1000® Value ETF, Vanguard Total International Bond ETF, iShares Core U.S. Aggregate Bond ETF, and iShares Russell 2000® ETF. These five positions collectively made up 88.7% of the Fund's portfolio. During the third quarter, the Fund's dynamic rebalancing mechanism was not active and the Fund was fully invested to its strategic target allocations.

## Outlook

QS' economic outlook remains in negative territory at the end of September at a level similar to the end of August. The reason for this outlook is also similar: weakness in QS' measurement of global trade activity is driving this view, strengthened by a decline in building permits, somewhat moderated by strength in initial jobless claims. This assessment of leading indicators is the largest drag on QS' outlook of global stocks versus bonds, which only modestly favors equities. A rise in interest rates also contributed to this assessment; when rates rise, borrowing costs increase, which typically erodes economic growth and stock market gains. Relative valuation between equities and fixed income, in addition to leverage growth in the economy, has provided consistent support to equities throughout the last year.

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.

**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.**

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.

## Top 10 Holdings

	% of Holdings
iShares Russell 1000 Growth ETF	25.37
iShares Russell 1000 Value ETF	24.75
Vanguard Total International Bond ETF	14.40
iShares Core U.S. Aggregate Bond ETF	14.34
iShares Russell 2000 ETF	9.79
iShares MSCI EAFE ETF	9.28
Option Purchased, PUT, S&P 500 <sup>®</sup>	0.18
Option Purchased, PUT, S&P 500 <sup>®</sup>	0.16
Option Purchased, PUT, S&P 500 <sup>®</sup>	0.08
Option Purchased, PUT, S&P 500 <sup>®</sup>	0.06
<b>Percentage of total portfolio</b>	<b>98.41</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)	3.31	4.35	8.21	7.49	5.93	N/A	7.19
Class A (at POP)	-2.35	-1.42	2.22	5.47	4.73	N/A	6.17
Class I (at NAV)	3.41	4.54	8.52	7.77	6.19	N/A	7.48
Russell 3000 <sup>®</sup> Index	7.12	10.57	17.58	17.07	13.46	N/A	-
Transamerica Dynamic Allocation Blended Benchmark	3.85	5.32	9.97	11.79	8.67	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 <sup>®</sup> 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

**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 1.77% and 1.47% for Class A and Class I shares, respectively. The net expense ratios for this fund are 1.28% and 1.03% for Class A and Class I shares, respectively. Contractual arrangements (if applicable) have been made with the fund's investment manager, Transamerica Asset Management, Inc. (TAM), through March 1, 2019.**

The Russell 3000<sup>®</sup> Index and Transamerica Dynamic Allocation Blended Benchmark (Russell 1000<sup>®</sup> 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<sup>®</sup> 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 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](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. (TAM) and distributed by Transamerica Capital, Inc. (TCI) member of FINRA.

QS Investors and Western Asset Management Company are not affiliated with TAM.

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