

TRANSAMERICA ASSET ALLOCATION - CONSERVATIVE PORTFOLIO

A | ICLAX | 03/01/2002 C | ICLLX | 11/11/2002 I | TACIX | 11/30/2009

INVESTMENT OBJECTIVE

The fund seeks current income and preservation of capital.

KEY FACTS

Investment Manager	Transamerica Asset Management, Inc. (TAM)
Morningstar Category	Allocation--30% to 50% Equity
Lipper Category	Mixed-Asset Target Allocation Conservative
Dividend Frequency	Quarterly
Primary Benchmark	Bloomberg Barclays US Aggregate Bond Index
Secondary Benchmark	Wilshire 5000 Total Market Index SM
Additional Benchmark	Transamerica Asset Allocation - Conservative Portfolio Blended Benchmark

SUB-ADVISER



Morningstar Investment Management LLC
(Morningstar)

PORTFOLIO MANAGERS

John McLaughlin, CFA
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MACROECONOMIC OVERVIEW

Global stocks rallied strongly to start 2019, with the S&P 500® gaining 13.6% in the first quarter. That was nearly enough to wipe out the losses from 2018's fourth quarter. The sharp turnaround traced in large part to the Federal Reserve signaling a pause in its rate-hike campaign. Progress on U.S.-China trade talks further cheered the markets. International stocks followed a similar pattern, with the MSCI EAFE Index gaining 10% in the quarter after losing 12.5% in 2018's fourth quarter. The MSCI Emerging Markets Index rose 9.9%, led by China and Russia. Across U.S. and foreign markets, growth stocks outpaced value stocks in the rally, after value had held up better in 2018's fourth quarter. Technology and energy stocks were among the worst performers in late 2018 but among the best in early 2019. A 30% rebound in the price of oil boosted energy stocks. The U.S. Federal Reserve's guidance shift contributed significantly to a bond market rally in the first quarter. Prices rose on long-term bonds and the yield on the 10-year U.S. Treasury fell to 2.41% from 2.69% at the end of 2018. That helped lift the Bloomberg Barclays US Aggregate Bond Index to a 2.9% gain. Meanwhile, the positive equity environment boosted credit-sensitive bonds, resulting in a 7.3% return for the Bloomberg Barclays US Corporate High Yield Index.

FUND OVERVIEW

Transamerica Asset Allocation—Conservative Portfolio gained 5.62%, compared to a 14.23% return for the Wilshire 5000 Total Market IndexSM and a 6.30% return for the basic blended benchmark made up of the S&P 500®, MSCI EAFE, and Bloomberg Barclays US Aggregate Bond indexes. The fund was underweight total equity relative to its neutral stance. This underweight stemmed from Morningstar's caution toward the U.S. equity market in light of high valuations layered on top of cyclically high corporate earnings. Morningstar has been favoring foreign equities as a result, given relative valuations, but still underweighting total equity because even foreign markets aren't cheap. The overall equity underweight and tilt toward foreign stocks acted as a headwind in the first quarter as U.S. stocks led the rebound from Q4's losses. But the bond portfolio performed decently—including the three anchor core bond funds—and an overweight to emerging-markets debt was a positive contributor. Meanwhile most of the fund's underlying U.S. large-cap funds—also anchor holdings—performed well, and the fund's position in energy infrastructure delivered strong gains.

OUTLOOK

U.S. equities are richly valued in Morningstar's view, while foreign equities appear more attractive at this point in the cycle. As of quarter-end, the fund was still underweight U.S. equity and overweight foreign equity, including emerging markets. Total equity was about 5% underweight relative to the 35% neutral target. In the bond sleeve, Morningstar is seeking to mute the risk from rising interest rates by maintaining a below-benchmark duration and substituting absolute-return funds for a portion of the bond exposure.

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 decision.

TRANSAMERICA ASSET ALLOCATION - CONSERVATIVE PORTFOLIO

as of 03/31/2019

ASSET ALLOCATION (%)

U.S. Fixed Income Funds	56.71	U.S. Alternative Funds	3.74
U.S. Equity Funds	15.92	U.S. Mixed Allocation Funds	2.20
International Equity Funds	12.43	International Alternative Funds	1.02
International Fixed Income Funds	7.98		

U.S. allocations may include U.S. territories and possessions. The Net Other Assets (Liabilities) category may include, but is not limited to, repurchase agreements, reverse repurchase agreements, security lending collateral, forward foreign currency contracts, and cash collateral.

FEES (%)

	A	C	I
Gross Expense Ratio	1.21	1.97	1.00
Net Expense Ratio	1.21	1.97	1.00

The Max Sales Charge for Class A shares is 5.50%. There are no sales charges for 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 minimum investment for Class I shares is \$1,000,000 per fund account, but will be waived for certain investors. 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. Contractual arrangements, if any, have been made with Transamerica Asset Management, Inc. through 03/01/2020.

AVERAGE ANNUAL TOTAL RETURNS (%)

	3M	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Class A (at NAV)	5.62	5.62	1.54	4.93	3.73	7.31	5.14
Class I (at NAV)	5.66	5.66	1.74	5.13	3.95	-	5.42
Class A (at POP)	-0.16	-0.16	-4.03	2.96	2.55	6.70	4.79
Bloomberg Barclays US Aggregate Bond Index	2.94	2.94	4.48	2.03	2.74	3.77	-
Wilshire 5000 Total Market Index SM	14.23	14.23	8.96	13.64	10.17	15.95	-
Transamerica Asset Allocation - Conservative Portfolio Blended Benchmark	6.30	6.30	5.19	5.53	4.91	7.51	-

The data shown 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. Performance for other share classes will vary.

The Bloomberg Barclays US Aggregate Bond Index, Wilshire 5000 Total Market Index, and Transamerica Asset Allocation-Conservative Blended Benchmark (Asset Alloc. - Conservative Blended Benchmark) (65% Bloomberg Barclays US Aggregate Bond Index, 25% S&P 500®, and 10% MSCI EAFE 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. Investments 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. Shares may be sold (or "redeemed") on any day the New York Stock Exchange is open for business. Proceeds from the redemption of shares will usually be sent to the redeeming shareholder within three business days after receipt in good order of a request for redemption. However, Transamerica Funds has the right to take up to seven days to pay redemption proceeds, and may postpone payment under certain circumstances, as authorized by law.

Mutual funds are subject to market risk, including 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.

Transamerica Funds are advised by Transamerica Asset Management, Inc. (TAM) and distributed by Transamerica Capital, Inc. (TCI) member of FINRA. TAM has chosen Morningstar, a registered investment adviser and subsidiary of Morningstar, Inc., to serve as portfolio construction manager to the fund. Morningstar is not acting in the capacity of adviser to individual investors. The Morningstar name and logo are registered marks of Morningstar, Inc. TAM and Morningstar are not affiliated companies.

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TOP 10 HOLDINGS (%)

Transamerica Total Return	21.95
Transamerica Core Bond	13.90
Transamerica Intermediate Bond	9.59
Transamerica Short-Term Bond	7.94
Transamerica International Equity	4.47
Transamerica Inflation Opportunities	4.37
Transamerica Emerging Markets Equity	4.35
Transamerica Dividend Focused	3.82
Transamerica Emerging Markets Debt	3.61
Transamerica Large Cap Value	3.03
Total	77.03

Holdings are subject to change and are not recommendations to buy or sell a security. Holdings display excludes net other assets (liabilities). Each portfolio allocates its assets among Class I2 shares of various underlying funds of Transamerica Funds. Not all classes are available to investors.