

TRANSAMERICA ASSET ALLOCATION - GROWTH PORTFOLIO

A | IAAAX | 03/01/2002 **C** | IAAALX | 11/11/2002 **I** | TAGIX | 11/30/2009

INVESTMENT OBJECTIVE

The fund seeks long-term capital appreciation.

KEY FACTS

Investment Manager	Transamerica Asset Management, Inc. (TAM)
Morningstar Category	Allocation--85%+ Equity
Lipper Category	Mixed-Asset Target Allocation Aggressive Growth
Dividend Frequency	Annually
Primary Benchmark	Wilshire 5000 Total Market Index SM
Additional Benchmark	Transamerica Asset Allocation - Growth Blended Benchmark

SUB-ADVISER


Morningstar Investment Management LLC
(Morningstar)

PORTFOLIO MANAGERS

John McLaughlin, CFA
Dan McNeela, CFA
Michael Stout, CFA

MACROECONOMIC OVERVIEW

Global stocks and bonds both gained in 2019's second quarter. Stocks didn't rise as much as they did in the first quarter, when a dovish shift in U.S. Federal Reserve's (Fed) tone quelled a late-2018 selloff and renewed investor enthusiasm for risk. But the S&P 500® Index nonetheless managed to climb 4.3% in the second quarter, pushing its first-half gain to a remarkable 18.5%. Foreign stocks rose too, with the MSCI EAFE Index gaining 3.7%, although emerging-markets equities were nearly flat with a 0.6% return in Q2. The gains came despite ongoing trade disputes, a global slowdown in economic growth, slowing job gains in the U.S., and negative year-over-year earnings growth for the S&P 500® companies. Meanwhile, the Fed's softer outlook, the slowdown in global economic growth, and weak inflation data all helped bonds to rally as investors anticipated rate cuts. The 10-year U.S. Treasury ended the quarter at a yield of 2.00%, down from 3.24% in November 2018. The Bloomberg Barclays US Aggregate Bond Index rose 3.1% in the quarter and is up 6.1% for the year to date. High-yield bonds also rose, albeit to a lesser degree, helped by the positive sentiment toward equities as well as falling yields. Emerging-markets bonds posted strong returns too, as they tend to be sensitive to changes in U.S. bond yields.

FUND OVERVIEW

In 2019's second quarter, Transamerica Asset Allocation—Growth Portfolio gained 2.15%, compared to a 4.01% return for the basic blended benchmark made up of the S&P 500®, MSCI EAFE, and Bloomberg Barclays 1-3 Year U.S. Treasury indexes. By design, the fund includes diversification into small caps, emerging markets, and absolute-return strategies, which aren't in the benchmark, and those asset classes lagged the broader market. In addition, the fund was underweight total equity relative to its neutral stance due to 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 instead, including emerging markets, which in their view offer the best valuations in this environment. But as U.S. stocks rose even further in the second quarter, foreign developed markets posted more-modest gains while emerging markets were nearly flat. Also, it should be noted that the underlying funds in the portfolio did not deliver strong relative performance as a group in Q2. The second quarter notwithstanding, Morningstar considers the fund's positioning as prudent against an overstretched U.S. stock market, and believes foreign equities have better prospects from these levels.

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 underweight U.S. equity and overweight foreign equity, including emerging markets. Total equity was about 4% underweight relative to the 95% neutral target. The portfolio also included a 5.5% position in energy infrastructure, and a combined 6.6% weight in absolute-return strategies—more than typical because equity is underweight.

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.

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as of 06/30/2019

ASSET ALLOCATION (%)

U.S. Equity Funds	49.58	U.S. Alternative Funds	4.86
International Equity Funds	38.40	International Alternative Funds	1.76
U.S. Mixed Allocation Funds	5.46	Net Other Assets (Liabilities)	-0.06

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	1.44	2.19	1.19
Net Expense Ratio	1.44	2.19	1.19

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)	2.15	14.02	0.89	8.92	5.92	10.10	5.90
Class I (at NAV)	2.23	14.23	1.15	9.20	6.20	-	9.05
Class A (at POP)	-3.46	7.71	-4.64	6.89	4.72	9.48	5.56
Wilshire 5000 Total Market Index SM	3.93	18.72	8.77	14.04	9.98	14.61	-
Transamerica Asset Allocation - Growth Blended Benchmark	3.90	15.70	7.38	11.58	7.52	11.30	-

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.

TOP 10 HOLDINGS (%)

Transamerica International Equity	13.35
Transamerica Emerging Markets Equity	12.14
Transamerica Dividend Focused	10.96
Transamerica International Growth	9.22
Transamerica Large Cap Value	8.64
Transamerica MLP & Energy Income	5.46
Transamerica US Growth	4.66
Transamerica Growth	4.59
Transamerica Capital Growth	4.36
Transamerica Multi-Cap Growth	4.05
Total	77.43

Holdings and weights 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.

The Wilshire 5000 Total Market Index and Transamerica Asset Allocation-Growth Blended Benchmark (Asset Alloc. - Growth Blended Benchmark) (63% S&P 500®, 27% MSCI EAFE Index, and 10% Bloomberg Barclays 1-3 Year U.S. Treasury 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. Funds that invest 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. 1801 California St. Suite 5200, Denver, CO 80202

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