TRANSAMERICA®

as of 03/31/2019

TRANSAMERICA MULTI-MANAGED BALANCED

A | IBALX | 12/02/1994 **C |** IBLLX | 11/11/2002 **I |** TBLIX | 11/30/2009

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.

KEY FACTS

Investment Manager	Transamerica Asset Management, Inc. (TAM)
Morningstar Category	Allocation--50% to 70% Equity
Lipper Category	Mixed-Asset Target Allocation Growth
Dividend Frequency	Quarterly
Primary Benchmark	S&P 500®
Secondary Benchmark	Bloomberg Barclays US Aggregate Bond Index
Additional Benchmark	Transamerica Multi-Managed Balanced Blended Benchmark

SUB-ADVISER

AEGON USA Investment Management, LLC

Aegon USA Investment Management, LLC (AUIM)

PORTFOLIO MANAGERS

Bradley D. Doyle, CFA
Tyler A. Knight, CFA
Sivakumar N. Rajan
Doug Weih, CFA
Brian W. Westhoff, CFA

SUB-ADVISER

J.P.Morgan Asset Management

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

PORTFOLIO MANAGERS

Steven G. Lee
Tim Snyder, CFA
Raffaele Zingone, CFA

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.

MACROECONOMIC OVERVIEW

AUIM: Risk around trade policy continued to influence the U.S. Federal Reserve (Fed) in the first quarter. It softened its approach to normalizing rates and instead of staying the course set out in the December meetings, surprised the market by dropping its "dot plot" from two hikes in 2019 down to no hikes, and from two hikes in 2020 to one hike at the conclusion of its March meeting. For now, the Fed has paused its rate normalization process given tighter financial conditions, global activity concerns and muted inflation. They have also suggested a faster end to quantitative tightening than previously anticipated. With peaks in economic activity and earnings growth likely behind us, the Fed's more dovish tone and concerns over an inverted yield curve were top of mind for investors late in the quarter. As fourth quarter volatility normalized and financial conditions eased, risk assets posted broadly positive results in the first quarter, led by U.S. equities and high yield bonds, with improved risk-adjusted profiles. The ten-year yield rallied to end the quarter at around 2.4%, just a touch above the three-month U.S. Treasury yield. The spread between the two briefly went negative in March. The two-year U.S. Treasury yield declined roughly 0.23% during the quarter as the Fed's rhetoric was more dovish and markets began to price in a rate cut in 2019. The spread between the two- and ten-year U.S. Treasuries ended the quarter narrower still.
JPM: The S&P 500® ended the quarter up 13.65%, a powerful rally unseen by the U.S. equity market since the third quarter of 2009. All sectors were in the green, with the best performers being information technology, up 19.86%, and real estate, up 17.53%. Small cap stocks rose 14.58% as measured by the Russell 2000® Index, outperforming large cap stocks, which rose 13.65% as represented by the S&P 500®. Growth outperformed value during the first three months of the year, with the Russell 3000® Growth Index up 16.18%, compared to the 11.93% increase in the Russell 3000® Value Index. This quarter's bounce-back made up for losses experienced at the end of 2018. Despite the substantial market move upward, JPM remains mindful of indicators of slowing economic growth, such as the recent shift in the yield curve. The 3 month and 10 year yield curve experienced a formal inversion at the end of the quarter, leading to some investor consternation regarding future market prospects since yield curve inversions have historically predated recessions. However, the more commonly cited 2 year and 10 year yield curve has yet to invert, and even once that occurs, it typically takes about a year until the market peaks, and then another year to a year and a half before recession ensues. While they have an economy which still seems healthy due to robust employment and wage numbers, slower economic and profit growth expectations for 2019 have led to a more cautiously optimistic outlook on the U.S. equity market.

FUND OVERVIEW

AUIM: For the first quarter, credit spreads were the largest contributor to relative performance given Transamerica Multi-Managed Balanced's overweight to spread-based assets in a credit spread-tightening environment. The fund was also positively impacted by carry from spread-based assets, most notably from investment grade corporate bonds. Yield curve effects were a slight detractor from performance based on the fund's relative positioning across the curve during a period of falling rates. At an asset class level, the most significant contributions came from an overweight allocation to investment grade corporate bonds and underweight allocations to U.S. Treasuries and agency residential mortgage-backed securities (RMBS). This was slightly offset by overweight allocations to asset-backed securities (ABS), commercial mortgage-backed securities (CMBS) and non-agency RMBS.
JPM: The fund underperformed its benchmark during the quarter. Stock selection in the energy, technology and basic materials sectors detracted from performance, while stock selection in the consumer stable, retail and utilities sectors contributed to performance. At the security level, overweights in Cigna Corp (0.45% as of 3/31/19) and Marathon Petroleum Copr. (0.43%) and an underweight in Facebook, Inc. (0.55%) hurt performance, while a restricted position in JPMorgan Chase & Co. (0.10%) and overweights in Zimmer Biomet Holdings (0.49%) and Philip Morris International, Inc. (0.69%) added value.

OUTLOOK

AUIM: AUIM anticipates gross domestic product growth of around 2.25% for 2019, as benefits from tax policy fade and growth starts to converge back to trend. While AUIM thinks inflation will stay around the Fed's 2% target in the medium term, they also believe runaway inflation pressures should remain structurally muted. Given the dovish shift of the Fed, AUIM is anticipating no rate hikes in 2019. AUIM intends to remain overweight spread-based asset classes, particularly private label structured products like ABS (e.g., timeshares, collateralized loan obligations) and single asset/single borrower CMBS, which may benefit from stable property markets and a healthy consumer. Selectivity in corporate credits is key as merger and shareholder-friendly activity likely continues. AUIM continues to prefer financials over industrials due to their strong capital positions and expected lower event risk.
JPM: JPM continues to focus on the fundamentals of the economy and of company earnings. JPM's core analysts' estimate for S&P 500® earnings currently projects 4% growth for 2019 and 10% growth for 2020. While subject to revision, this forecast reflects JPM's expectations for modest expansion in the underlying economy and includes our best analysis of earnings expectations for this year. The implications of Fed policy will be integral to investor sentiment and will likely continue to contribute to the uncertainty. While continued earnings growth should provide support to the equity market, we are monitoring the possible and incremental risks that could represent headwinds for U.S. stocks. In particular, JPM continues to watch closely the trade narrative, movements in global economic growth, and the implications of Fed policy, all of which have the potential to add to volatility.

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 03/31/2019

AVERAGE ANNUAL TOTAL RETURNS (%)

	3M	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Class A (at NAV)	9.05	9.05	6.49	8.22	6.70	12.24	8.87
Class I (at NAV)	9.11	9.11	6.72	8.46	6.96	-	10.39
Class A (at POP)	3.04	3.04	0.62	6.19	5.50	11.61	8.62
S&P 500®	13.65	13.65	9.50	13.51	10.91	15.92	-
Bloomberg Barclays US Aggregate Bond Index	2.94	2.94	4.48	2.03	2.74	3.77	-
Transamerica Multi-Managed Balanced Blended Benchmark	9.31	9.31	7.78	8.95	7.75	11.14	-

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.

FEES (%)

	A	C	I
Gross Expense Ratio	1.03	1.79	0.82
Net Expense Ratio	1.03	1.79	0.82

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.

TOP 10 HOLDINGS (%)

Microsoft Corp.	2.92
Apple, Inc.	2.22
Amazon.com, Inc.	2.11
Federal National Mortgage Association, 3.00%, TBA	1.56
Federal National Mortgage Association, 3.50%, TBA	1.54
Alphabet, Inc., Class A	1.09
Alphabet, Inc., Class C	1.06
Bank of America Corp.	0.95
Berkshire Hathaway, Inc., Class B	0.95
U.S. Treasury Bond, 3.62%, due 02/15/2044	0.87
Total	**15.27**

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

CONTRIBUTORS & DETRACTORS (%)

Leading contributors	Contribution	Weight	Return
Microsoft Corp	0.76	4.54	16.62
Apple Inc	0.70	3.33	20.94
Amazon.com Inc	0.61	3.30	18.56

Leading detractors	Contribution	Weight	Return
CVS Health Corp	-0.07	0.36	-17.06
Biogen Inc	-0.11	0.44	-21.45
CIGNA CORP COMMON STOCK USD.01	-0.15	0.82	-15.32

Source: Morningstar Direct

S&P 500® and Bloomberg Barclays US 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.
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.

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