

TRANSAMERICA ASSET ALLOCATION SHORT HORIZON

R | TSHRX | 05/19/2017 R4 | TSHFX | 05/19/2017

INVESTMENT OBJECTIVE

The fund seeks to provide a high level of income and preservation of capital.

KEY FACTS

Morningstar Category Intermediate-Term Bond

Lipper Category Mixed-Asset Target Allocation Moderate

Dividend Frequency Quarterly

Primary Benchmark Bloomberg Barclays US Aggregate Bond Index

Additional Benchmark Transamerica Asset Allocation Short Horizon Blended Benchmark

INVESTMENT MANAGER



Transamerica Asset Management, Inc. (TAM)

PORTFOLIO MANAGERS

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MACROECONOMIC OVERVIEW

The saying, 'a rising tide lifts all boats', played out in Q1, as the double-digit losses experienced in Q4 were almost recovered by the end of Q1, and the benchmark S&P 500® ended March only about 3% below the all-time high it reached in September. Trade tensions and slowing earnings growth have been blamed for the corrections in 2018, but Q4 was also blamed on the U.S. Federal Reserve (Fed). It had been slowly increasing the Federal Funds Rate since 2015, but as inflation began to percolate and labor markets tightened in 2018, policymakers increased the pace of tightening, pushing short term rates close to longer term rates. This eventually unnerved investors, as a flat yield curve has historically preceded recession or economic slowing. Seeing the market's reaction, but also remaining data dependent, the Fed said it would likely slow the pace of interest rate increases going forward. Equity markets worldwide and other risk assets like commodities all rallied in response. Fixed income markets, however, were more conflicted with credit rallying in concert with stocks, while the Treasury market remained well bid, keeping the yield curve very flat.

FUND OVERVIEW

Transamerica Asset Allocation Short Horizon invests approximately 10% in equity funds and 90% in fixed income funds. The fund is 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 are weaker-performing in an effort to continually buy low and sell high. While all underlying funds experienced positive returns in Q1, the fund's best-performing holding was Transamerica Large Growth which gained 17.62%. It was also the top equity performance contributor in the quarter. The top performing fixed income fund was Transamerica High Yield Bond with a gain of 7.03%. The largest overall contributor to fund performance was Transamerica Intermediate Bond. While no underlying fund produced a loss in the quarter, foreign equities continued to underperform U.S. equities, causing Transamerica International Equity with a target weight of 2% to be the weakest performing equity fund with a gain of 8.04%. The weakest performing fixed income fund, excluding the money market, was Transamerica High Quality Bond with a gain of 1.70% and a target weight of 17%.

OUTLOOK

Looking ahead, TAM will be watching two main dynamics. First, while the Fed is on pause for now, any changes in policy are likely to have a short term, and potentially longer-term, impact to markets. Accommodative policy could set the stage for rallies, while tightening could be viewed as cautionary. The other key focus will be corporate earnings, as markets tend to look to the future. In 2017, equities rallied as the analyst consensus called for robust earnings growth in 2018. In 2018, however, when those strong earnings showed up, markets became more volatile. Investors had already moved on and were looking to 2019 which was expected to see a slowing of earnings growth down to the low single digits. Looking ahead to 2020, the consensus forecast is currently for operating earnings to grow in excess of 10%. Any change in this estimate is likely to cause a reaction by investors.

All opinions, estimates, projections and security selections contained herein are those of the investment manager. It does not constitute investment advice and should not be used as a basis for any investment decision.

TRANSAMERICA ASSET ALLOCATION SHORT HORIZON

as of 03/31/2019

ASSET ALLOCATION (%)

U.S. Fixed Income Funds	89.01	Net Other Assets (Liabilities)	0.26
U.S. Equity Funds	8.60	Money Market Funds	0.20
International Equity Funds	1.93		

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 (%)

	R	R4
Gross Expense Ratio	1.07	0.83
Net Expense Ratio	1.05	0.80

There are no sales charges for Class R and Class R4. Class R shares are available only to eligible retirement plans. 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 R4 (at NAV)	4.15	4.15	3.64	3.33	2.70	5.45	4.44
Class R (at NAV)	4.09	4.09	3.33	-	-	-	2.43
Bloomberg Barclays US Aggregate Bond Index	2.94	2.94	4.48	2.03	2.74	3.77	-
Transamerica Asset Allocation Short Horizon Blended Benchmark	4.06	4.06	4.33	3.49	3.14	5.06	-

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. Performance for other share classes will vary.

TOP 10 HOLDINGS (%)

Transamerica Intermediate Bond	45.39
Transamerica High Quality Bond	17.57
Transamerica Inflation-Protected Securities	16.25
Transamerica High Yield Bond	9.80
Transamerica Large Value Opportunities	3.34
Transamerica Large Growth	3.17
Transamerica Small Cap Core	2.09
Transamerica International Equity	1.93
Transamerica Government Money Market	0.20
Total	99.74

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

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.

The Bloomberg Barclays US Aggregate Bond Index, and Transamerica Asset Allocation Short Horizon Blended Benchmark (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.

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. 1801 California St. Suite 5200, Denver, CO 80202