

## Transamerica ClearTrack® 2040

R3 | TCTQX | 03/01/2019

### 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.

### Key facts

#### Investment Manager

Transamerica Asset Management, Inc. (TAM)

#### Morningstar Category

Target-Date 2040

#### Lipper Category

Mixed-Asset Target 2040 Funds

#### Dividend Frequency

Annually

#### Benchmark

S&P Target Date 2040 Index

### Sub-Adviser

# Wilshire

Wilshire Advisors LLC (Wilshire)

#### Portfolio managers

Nathan Palmer, CFA  
Anthony Wicklund, CFA

### MACROECONOMIC OVERVIEW

The U.S. stock market, represented by the FT Wilshire 5000 Index<sup>SM</sup>, was down -4.84% for the first quarter but is up 7.11% for the past year. Sector performance was, in fact, mostly positive for the quarter, with seven sectors producing a gain. However, two of the larger sectors by market capitalization were down – information technology -12.9% and consumer discretionary -13.5%. From a size perspective, small caps underperformed large caps by 2.16% and trailed for the 1-year period, as well. Growth stocks underperformed value during the first quarter by a significant margin in a reversal from last quarter. Large-cap growth stocks and large-cap value now hold an almost identical return for the past 12 months. Performance results within international equity markets were positive for the first quarter, including a meaningful gain for U.S. investors from strengthening foreign currencies. The MSCI EAFE Index was up 6.86% for the quarter, while the MSCI Emerging Markets Index was up 2.93%. Major news in Germany, Europe's largest economy, could have impacts across the continent. The U.S. Treasury yield curve was down across most of the maturity spectrum during the quarter, generally in the range of 0.20% to 0.40%. The 10-year U.S. Treasury yield ended the quarter at 4.21%, down 0.37% from December. Credit spreads were up noticeably during the quarter with high yield bond spreads up 0.60%, to end the quarter near 3.5%, the highest level since last summer.

### FUND OVERVIEW

Q1 2025 was a difficult quarter for domestic equities, but positive returns from fixed income, foreign equity and global real estate investments, helped push Transamerica ClearTrack 2040 to flat returns for the quarter. Due to Q1 2025 allocation changes, the fund has a larger allocation to fixed income than its performance benchmark and outperformed the benchmark by 0.32% for the quarter. Allocations within fixed income contributed 0.04% to performance during Q1. Within equities, the fund is relatively overweight foreign value equities, which helped to contribute 0.45%. Other allocations within equities detracted -0.01%. Manager selection within fixed income detracted -0.07% from returns as Transamerica Bond underperformed by -0.24% for the quarter. Manager selection within equities detracted -0.12% from returns as Transamerica International Focus underperformed by -7.32% for the quarter.

### OUTLOOK

Following the U.S. Presidential election, domestic equities initially rallied on the belief that the new administration would engage in policies that would be good for corporate profits (e.g. tax cuts and reduced regulation), but this rally reversed course in the weeks following the inauguration of president Trump as it became clearer that his tariff threats were more than a negotiation tool. The announcement of tariffs on Canadian and Mexican imports, closely followed by a reprieve and then followed by a new tariff announcement, has created uncertainty for businesses and consumers. That uncertainty makes it difficult to make intermediate-term purchase and investment allocation decisions for consumers and businesses. The Administration has been clear about their desire to push down the 10-year U.S. Treasury yield so that short-term U.S. T-bills could essentially be refinanced into a longer-term debt. On April 2nd, President Trump announced the most wide-sweeping tariffs since the early years of the Great Depression. These changes will weigh on businesses for at least the short-term, since even businesses that choose to 'onshore' production of their products will have to spend considerable money to do so and will not realize the benefits for years and even the benefits will most likely equate to similar, or lower, profit margins than existed pre-tariffs. In the coming months and quarters there will be distinct winners and loser amongst publicly traded companies and this dispersion of outcomes should bode well for talented active managers within both the equity and fixed income spaces.

**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.**

## Average annual total returns and expense ratios (%)

	3M	YTD	1YR	3YRS	5YRS	10YRS	Inception	Gross	Net
<b>Class R3 (at NAV)</b>	-	-	5.51	4.72	11.26	-	7.85	1.06	0.95
<b>S&amp;P Target Date 2040 Index</b>	-0.32	-0.32	6.11	5.73	12.93	-	-	-	-

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](https://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. Performance for other share classes will vary.

There are no sales charges for Class R6 or Class R3. Class R shares are only available through eligible retirement accounts. R6 shares are additionally intended for purchase by participants in certain health savings plans and health savings accounts. There is no minimum investment for eligible plans investing in R6 shares.

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 3/1/2026.

## Top 10 holdings (%)

iShares Core S&P 500 ETF	22.30
iShares Core MSCI EAFE ETF	12.47
Transamerica Bond	8.92
Transamerica Large Cap Value	7.62
Transamerica International Stock	5.80
iShares 0-5 Year TIPS Bond ETF	5.27
iShares Core U.S. Aggregate Bond ETF	5.24
Transamerica US Growth	4.38
Transamerica High Yield Bond	3.60
iShares Global REIT ETF	3.05
<b>Total</b>	<b>78.65</b>

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

## Asset allocation (%)

U.S. Equity Funds	44.50
International Equity Funds	29.35
U.S. Fixed Income Funds	23.03
International Fixed Income Funds	2.58
<b>Net Other Assets (Liabilities)</b>	<b>0.54</b>

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.

The S&P Target Date 2040 Index is an unmanaged index 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.

Transamerica ClearTrack® target date options invest in exchange-traded funds (ETFs) which may represent a variety of broad asset classes including fixed income, domestic equity, foreign equity, real estate, and inflation-hedging positions and may be subject to all of the risks of these asset classes. 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 an ETF's shares may be above or below the shares' net asset value; and an active trading market for an ETF's shares may not develop or be maintained. The allocations become more conservative over time: The fund's asset mix allocated to equities will decrease while the percentage allocated to fixed income will increase as the target date approaches. The higher the allocation is to equities, the greater the risk. The principal value of the investment option is never guaranteed, including at and after the target date. Diversification does not assure a profit or protect against market loss. 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 two 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 visit [transamerica.com](https://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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