

# Transamerica Asset Allocation - Conservative Portfolio

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## Investment objective

The fund seeks current income and preservation of capital.

## Key facts

### Investment Manager

Transamerica Asset Management, Inc. (TAM)

### Morningstar Category

Global Conservative Allocation

### Lipper Category

Mixed-Asset Target Alloc Conserv Funds

### Dividend Frequency

Quarterly

### Benchmark

Transamerica Asset Allocation - Conservative Portfolio  
Blended Benchmark

## Sub-Adviser

**Goldman Sachs** Asset Management

Goldman Sachs Asset Management, L.P. (GSAM)

## Portfolio managers

Alexandra Wilson-Elizondo  
Siwen Wu

## MACROECONOMIC OVERVIEW

Equity markets sustained their upward trajectory during the fourth quarter of 2025, driven primarily by resilient economic activity, robust corporate earnings from U.S. companies, and continued monetary easing by the U.S. Federal Reserve (Fed). Global equities reached new all-time highs despite encountering several headwinds, notably a 43-day U.S. government shutdown that concluded on November 12th and a gradually rising US unemployment rate. While Q3 real Gross domestic product (GDP) growth surged to 4.3% annualized, notably above expectations and supported by 3.5% consumer spending growth, the labor market showed persistent softening, albeit in a linear manner. The unemployment rate climbed from 4.12% in June to 4.56% in November. This labor market moderation, coupled with softer-than-anticipated inflation, prompted the Federal Open Market Committee (FOMC) to implement 25 basis point rate cuts at both its October and December meetings, bringing the federal funds rate to a 3.50%-3.75% range. However, diverging views emerged within the Committee as rates approached neutral levels. In fixed income, the US 10Y Treasury yield remained relatively flat for the quarter, concluding near 4.15% after fluctuating between 3.95% in late October and 4.2% in mid-December as trade tensions eased and growth remained resilient. In equities, global developed markets (unhedged) advanced 3.2%, while emerging markets (unhedged) outperformed with a 4.8% gain, led by Korea's remarkable 27.4% surge driven by Artificial Intelligence (AI)-related semiconductor demand. Within developed markets, Japanese equities rallied 8.8% following elections and a large fiscal stimulus package announced in November, even as the Bank of Japan raised rates to 0.75%, the highest level since 1995. U.S. large cap equities posted a more modest 2.7% return, with the Russell 2000<sup>®</sup> gaining 2.2%. Notably, S&P 500<sup>®</sup> earnings grew 12% year-over-year in Q3, marking the fourth consecutive quarter of double-digit growth.

## FUND OVERVIEW

The Transamerica Asset Allocation – Conservative Portfolio posted positive returns over Q4 2025 and outperformed its blended benchmark (consisting of 65% Bloomberg US Aggregate Bond Index, 35% MSCI World Index). Outperformance was driven by dynamic asset allocation and security selection within underlying funds. Equities were the driver of returns in the Portfolio, and an overweight allocation to equities relative to fixed income helped performance. Equity returns were mainly driven by US Large Cap Value equities and Developed International equities. Off-benchmark allocations to Emerging Markets equity, Emerging Markets debt, and High Yield bonds also posted strong returns for the quarter. Overall, underlying manager security selection was additive to returns within the Portfolio. Within Equities, US equities posted positive manager alpha helping to offset underperformance from Developed International equities versus their respective benchmark. The underperformance within Developed International equities was driven by a smaller allocation to Transamerica International Focus while funds such as Transamerica International Equity outperformed. Within US equities, funds such as Transamerica Large Cap Value outperformed its benchmark offsetting underperformance from Transamerica Capital Growth and Transamerica Sustainable Equity Income. In fixed income, Core Bond funds underperformed their benchmarks with Emerging Markets debt slightly outperforming helping to offset.

## OUTLOOK

The global economy remains resilient as trade uncertainty has eased and growth dynamics are improving. In the United States, despite near-term labor market risks, growth is expected to accelerate above trend in 2026, supported by AI capital expenditures, fiscal stimulus from the One Big Beautiful Bill, and easier financial conditions. The labor market sits at an inflection point where low hiring and low layoffs balance each other, though strong AI investment and robust high-income consumption provide a bridge through this period of moderate loosening. Across developed markets, central banks are on divergent paths, with the Fed expected to cut in 2026, while the European Central Bank may remain on hold and the Bank of Japan is positioned to continue hikes. Goldman Sachs Asset Management (GSAM) believes that a flexible, multi-asset approach gives investors the appropriate diversification to navigate opportunities and uncertainty in this environment, particularly as equity valuations remain elevated and credit spreads are historically tight, requiring careful positioning amid constructive fundamentals and a synchronized global growth acceleration.

**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
Class A (at NAV)	1.77	12.18	12.18	9.89	3.48	5.27	5.22	1.04	1.04
Class I (at NAV)	1.82	12.55	12.55	10.25	3.85	5.58	5.57	0.82	0.72
Class A (at POP)	-3.86	6.04	6.04	7.82	2.31	4.68	4.97	1.04	1.04
Transamerica Asset Allocation - Conservative Portfolio Blended Benchmark	1.81	12.07	12.07	10.27	4.00	5.86	-	-	-

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://www.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 Max Sales Charge for Class A shares is 5.5%. There are no sales charges for Class I shares. 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 3/1/2026.

## Top 10 holdings (%)

Transamerica Core Bond, Class I2	36.91
Transamerica US Growth, Class I2	11.67
Transamerica Bond, Class I2	11.24
Transamerica Large Cap Value, Class I2	10.99
Transamerica International Equity, Class I2	4.02
Transamerica Bond, Class R6	4.01
Transamerica International Stock, Class I2	3.38
Transamerica Inflation Opportunities, Class I2	3.32
Transamerica Long Credit, Class I2	1.95
Transamerica Emerging Markets Debt, Class I2	1.83
<b>Total</b>	<b>89.32</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). Each portfolio allocates its assets among Class I2 shares of various underlying funds of Transamerica Funds. Not all classes are available to investors.

## Asset allocation (%)

U.S. Fixed Income Funds	58.44
U.S. Equity Funds	27.12
International Equity Funds	10.24
International Fixed Income Funds	2.34
Net Other Assets (Liabilities)	1.16
U.S. Mixed Allocation Funds	0.70

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 Transamerica Asset Allocation-Conservative Portfolio Blended Benchmark (consists of Bloomberg US Aggregate Bond Index, 65% and MSCI World Index, 35%) is an unmanaged index 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 and diversification do not assure or guarantee better performance, cannot eliminate the risk of investment losses, and do not protect against an overall declining market. 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. Fixed-income securities are subject to risks including credit risk, interest rate risk, counterparty risk, prepayment risk, extension risk, valuation risk, and liquidity 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. Investing internationally, globally, or in emerging markets exposes investors to additional risks and expenses such as changes in currency rates, foreign taxation, differences in auditing and other financial standards not associated with investing domestically.

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

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