

Transamerica Asset Allocation - Conservative Portfolio

A | ICLAX | 03/01/2002 C | ICLLX | 11/11/2002 I | TACIX | 11/30/2009

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

Global equity markets experienced a period of volatility during the first quarter of 2026, as the onset of the U.S.-Iran conflict in early March prompted a reassessment of risk and energy pricing. While the year began with optimism supported by resilient economic data, the geopolitical shift in the Middle East introduced new inflationary pressures that have altered the expected path of global monetary policy. In the United States, real Gross domestic product (GDP) growth for Q4 2025 was revised to an annualized rate of 0.7%, a notable deceleration from the 4.4% growth observed in Q3. This slowdown was partly attributed to the lingering effects of the 43-day government shutdown and net exports. The labor market has remained in a low-hire, low-fire equilibrium, as the unemployment rate, which had reached 4.4% in December, stabilized at 4.3% in March 2026. Inflation remains a primary concern for the Federal Open Market Committee (FOMC), with Core CPI remaining above target at 2.5% in February. The surge in oil prices following the start of the conflict, with Brent crude exceeding \$100 per barrel, has led the market to price the Federal Reserve as being on hold through the remainder of 2026, maintaining the federal funds rate at the 3.50%–3.75% range. The monetary policy outlook has diverged significantly across other major central banks. While the Fed is expected to remain on pause, the European Central Bank (ECB) is now pricing in three rate hikes for 2026 as Eurozone inflation risks shift to the upside. Similarly, the Bank of England (BoE) is pricing in 2.5 hikes, and the Bank of Japan (BoJ) is expected to implement two hikes, continuing its normalization path after raising rates to 0.75% in late 2025. In fixed income, the U.S. 10-year Treasury yield moved 15 basis points higher over the quarter, ending slightly above 4.30%. Since the start of the Iran conflict, the yield has increased approximately 40 basis points. Equity performance was mixed, with a distinct rotation toward defensive and energy-related assets. U.S. large-cap equities (S&P 500) declined 4.3% for the quarter, while the Russell 2000 posted positive returns of 0.89%. The MSCI EAFE Index posted returns of -1.24% over the quarter while emerging markets posted returns of -0.17% driven by underperformance in March 2026 reflecting the immediate impact of the geopolitical tensions on global supply chains.

FUND OVERVIEW

The Transamerica Asset Allocation – Conservative Portfolio posted negative returns over Q1 2026 and underperformed its blended benchmark (consisting of 65% Bloomberg US Aggregate Bond Index, 35% MSCI World Index). Underperformance was driven by security selection within underlying funds. Equities were the driver of negative return contributors in the Portfolio, though composition of equities in the Portfolio outperformed benchmark equity returns. Negative contribution was mainly driven by US large cap growth equities, while allocations to US large cap value funds were about flat to returns. Off-benchmark allocations to energy infrastructure outperformed broader equity markets materially during the oil price shock. Inflation-protected securities also posted positive return contributions for the quarter. Overall, underlying manager security selection detracted from returns within the Portfolio, driven by US equities. Funds such as Transamerica Large Cap Value and Transamerica Capital Growth underperformed their benchmark, though the Transamerica US Growth Fund posted modestly positive manager alpha. International equities were mixed with Transamerica International Equity and Transamerica International Stock outperforming, while Transamerica International Focus underperformed. In fixed income, core bond funds underperformed their benchmarks slightly, though Transamerica Emerging Markets Debt Fund slightly outperformed helping to offset.

OUTLOOK

The global economy entered 2026 on solid footing, but the outlook has shifted as three key tail risks, geopolitical escalation in the Middle East, potential contagion from illiquid private credit markets, and AI-related disruption, have moved to the forefront. In the United States, higher oil prices and tighter financial conditions are expected to weigh on growth from Q2 onward. Under the sub-advisers base case of moderate escalation, with Brent crude averaging around \$75 to \$80 per barrel, U.S. GDP growth is projected at approximately 2%, roughly in line with trend. However, if oil averages \$110 per barrel through year end and financial conditions tighten further, growth could compress to the 0 to 1% range, while Europe and Japan face risk of flat to negative growth. Across developed markets, central bank policy expectations have been repriced significantly, shifting from an easing bias to an inflation-constrained regime. The U.S. Federal Reserve is expected to remain on hold before resuming its path toward the 3.0 to 3.5% neutral zone, while the ECB is set to prioritize price stability and tighten policy despite below-trend growth, and the Bank of Japan is positioned to continue tightening. Goldman Sachs Asset Management believes that a flexible, multi-asset approach remains essential for navigating this environment, where constructive corporate fundamentals coexist with elevated event risk and rising dispersion across asset classes.

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)	-1.47	-1.47	9.43	8.01	3.13	4.98	5.10	1.05	1.05
Class I (at NAV)	-1.49	-1.49	9.81	8.32	3.48	5.27	5.38	0.81	0.71
Class A (at POP)	-6.92	-6.92	3.37	6.01	1.97	4.38	4.85	1.05	1.05
Transamerica Asset Allocation - Conservative Portfolio Blended Benchmark	-1.26	-1.26	9.34	8.17	3.84	5.51	-	-	-

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.

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 3/1/2027.

Top 10 holdings (%)

Transamerica Core Bond, Class I2	37.84
Transamerica Bond, Class I2	11.80
Transamerica US Growth, Class I2	11.26
Transamerica Large Cap Value, Class I2	9.90
Transamerica International Equity, Class I2	4.06
Transamerica International Stock, Class I2	3.54
Transamerica Inflation Opportunities, Class I2	3.50
Transamerica Long Credit, Class I2	2.03
Transamerica Bond, Class R6	1.97
Transamerica Emerging Markets Debt, Class I2	1.91
Total	87.81

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	58.63
U.S. Equity Funds	26.03
International Equity Funds	9.86
International Fixed Income Funds	2.44
Net Other Assets (Liabilities)	2.14
U.S. Mixed Allocation Funds	0.90

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 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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