

Transamerica Asset Allocation Short Horizon

R | TSHRX | 05/19/2017 R4 | TSHFX | 09/11/2000

Investment objective

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

Key facts

Morningstar Category
Intermediate Core-Plus Bond

Lipper Category
Core Bond Funds

Dividend Frequency
Quarterly

Benchmark(s)
Bloomberg US Aggregate Bond Index
Transamerica Asset Allocation Short Horizon Blended
Benchmark

Investment Manager



Transamerica Asset Management, Inc. (TAM)

Portfolio managers

Christopher A. Staples, CFA
Kane Cotton, CFA
Rufat Garalov, CFA

MACROECONOMIC OVERVIEW

After advancing over 20% in both 2023 and 2024, U.S. equities as measured by the S&P 500[®] Index reversed course and posted a loss in the first quarter of 2025. The culprit? Tariffs. While not fully implemented by the end of Q1, market participants were increasingly coming to terms with the likelihood that tariffs were coming, and as a result economic growth was likely to slow and inflation, which the U.S. Federal Reserve (Fed) had been working to tame since 2022, was likely to rise. In response to the unfolding policy uncertainty, the S&P 500[®] Index declined, returning -4.27% in the first quarter. Previously high-flying U.S. large cap growth stocks and more economically sensitive small cap stocks were even weaker. Fixed income markets held up throughout most of Q1 as interest rates trended lower and credit spreads widened slightly from historically tight levels. Near the end of the quarter, however, as tariff rhetoric intensified, volatility began to pick up in the bond market. The Fed held its last meeting of the quarter in late-March, and despite rising market volatility, Chairman Powell and company held pat and left the fed funds rate unchanged. However, in releasing its quarterly Summary of Economic Projections, the Fed downgraded its view of gross domestic product (GDP) growth for calendar year 2025 to 1.7%, from 2.1%, and raised expectations of Personal Consumption Expenditures Core Inflation to 2.8%, from 2.5%.

FUND OVERVIEW

Transamerica Asset Allocation Short Horizon invests approximately 10% in equity funds and 90% in fixed income funds. The portfolio is rebalanced based on how much the underlying holdings drift from the strategic target. This is done to both maintain the target allocations and to redeploy assets incrementally from outperforming holdings into those that have been weaker in an effort to continually buy low and sell high. The fund's equity and fixed income funds had mixed results in the first quarter of 2025. The best-performing non-money market fixed income fund in the quarter was Transamerica Inflation Opportunities fund, which carried a target weight of 16.8% and returned 3.29%, as its higher duration was rewarded when interest rates dropped. The top-performing equity fund was Transamerica International Equity Fund, as overseas equities outperformed domestic equities. It carried a target weight of 2% and returned 9.73%. Transamerica Large Growth, with a target weight of 3%, returned -10.80% and was the weakest equity fund in the quarter due to weak stock selection decisions. Transamerica High Yield, which carried a target weight of 10% and returned 0.28%, was the weakest fixed income fund during the first quarter of 2025 as credit spreads widened.

OUTLOOK

Given rising uncertainty on tariffs and the potential negative impacts on economic growth and inflation, TAM now believes U.S. economic growth is likely to slow in the year ahead, though remain positive. TAM also now see core inflation rates as more probable to rise than decline. When netting out the Federal Reserve's dual mandate of maximizing employment and fighting inflation, the firm see's Chair Jerome Powell and his colleagues more likely to lean toward preventing economic contraction, therefore resulting in lower interest rates across the yield curve as the year moves forward. The overall tariff environment is likely to remain fluid, with the potential for breaking information at any time, and therefore continuing to add volatility to the markets. Upside catalysts for stocks between now and year-end should still include tax legislation, deregulation, and a lower interest rate environment, though for at least the upcoming few months, these developments will likely take a back seat to ongoing tariff drama.

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 R4 (at NAV)	1.62	1.62	5.05	1.59	3.00	2.55	4.00	0.88	0.85
Class R (at NAV)	1.56	1.56	4.81	1.31	2.75	-	2.41	1.12	1.10
Bloomberg US Aggregate Bond Index	2.78	2.78	4.88	0.52	-0.40	1.46	-	-	-
Transamerica AA Short Horizon Benchmark Blended	2.04	2.04	5.71	2.18	2.86	2.99	-	-	-

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. Performance for other share classes will vary.

There are no sales charges for Class R4 or Class R. Class R shares are only available through eligible retirement accounts.

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	44.43
Transamerica Short-Term Bond	17.70
Transamerica Inflation Opportunities	17.13
Transamerica High Yield Bond	10.77
Transamerica Large Value Opportunities	3.18
Transamerica Large Growth	2.66
Transamerica International Equity	2.17
Transamerica Small Cap Growth	0.92
Transamerica Small Cap Value	0.89
Transamerica Government Money Market	0.19
Total	100.04

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. Fixed Income Funds	90.03
U.S. Equity Funds	7.65
International Equity Funds	2.17
Money Market Funds	0.19
Net Other Assets (Liabilities)	-0.04

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 Bloomberg US Aggregate Bond Index, and Transamerica Asset Allocation Short Horizon Blended Benchmark (46% Bloomberg US Aggregate Bond Index, 17% ICE BofAML 1-3 Year U.S. Treasury Index, 15% Bloomberg 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% ICE BofAML U.S. 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. "Russell®" and other service marks and trademarks related to the Russell indexes are trademarks of the London Stock Exchange Group companies.

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 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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