

Transamerica Asset Allocation Portfolios

Strategic Allocation, Fund Selection, and Portfolio Construction by Morningstar Associates*

3/31/10

Portfolio Holdings

Portfolio		Conservative		Moderate		Moderate Growth		Growth	
Ticker Symbols		Class A	ICLAX	Class A	IMOAX	Class A	IMLAX	Class A	IAAAX
		Class B	ICLBX	Class B	IMOBX	Class B	IMLBX	Class B	IAABX
		Class C	ICLLX	Class C	IMOLX	Class C	IMLLX	Class C	IAALX
		Class R	ICVRX	Class R	IMDRX	Class R	IMGRX	Class R	IGWRX
U.S. Stock Funds	BlackRock Large Cap Value	4.9%		6.6%		9.1%		13.6%	
	JPMorgan Mid Cap Value	1.0%		1.9%		2.6%		2.9%	
	Jennison Growth	5.5%		7.5%		9.6%		14.8%	
	Oppenheimer Small- & Mid-Cap Value	0.9%		1.4%		1.8%		2.2%	
	Third Avenue Value	1.8%		2.0%		2.8%		3.5%	
	Transamerica Diversified Equity	2.3%		3.0%		4.6%		6.2%	
	Transamerica Equity	2.1%		3.3%		5.0%		6.5%	
	Transamerica Growth Opportunities	1.1%		1.2%		1.9%		2.4%	
	UBS Large Cap Value	4.0%		6.0%		9.7%		12.6%	
	Van Kampen Mid Cap Growth	0.9%		1.3%		1.9%		2.6%	
Van Kampen Small Company Growth	0.7%		0.6%		0.7%		1.4%		
Alternative, Tactical, and Specialty Funds	BNY Mellon Market Neutral Strategy	1.0%		0.8%		0.9%		0.6%	
	BlackRock Global Allocation	1.9%		2.0%		2.7%		2.7%	
	BlackRock Natural Resources	1.0%		1.7%		1.3%		1.0%	
	Clarion Global Real Estate Securities	1.4%		2.5%		3.7%		5.1%	
	Federated Market Opportunity	1.0%		0.9%		0.7%		0.7%	
	First Quadrant Global Macro	1.0%		0.8%		1.1%		0.9%	
Global and International Stock Funds	AllianceBernstein International Value	0.8%		1.1%		1.6%		2.3%	
	MFS International Equity	1.4%		1.6%		1.0%		1.7%	
	Neuberger Berman International	1.2%		1.4%		3.2%		4.2%	
	Oppenheimer Developing Markets	1.1%		1.9%		3.0%		4.6%	
	Schroders International Small Cap	2.0%		2.2%		2.4%		4.0%	
	Thornburg International Value	1.9%		2.0%		2.1%		3.1%	
WMC Emerging Markets	0.7%		1.3%		0.7%		0.4%		
Inflation-Protected Securities Fund	PIMCO Real Return TIPS	7.1%		5.5%		3.7%		0.0%	
Bond and Money Market Funds	AEGON High Yield Bond	6.3%		5.1%		3.3%		0.0%	
	JPMorgan Core Bond	3.3%		1.2%		1.0%		0.0%	
	JPMorgan International Bond	6.4%		5.9%		3.2%		0.0%	
	Loomis Sayles Bond	7.8%		6.5%		2.9%		0.0%	
	PIMCO Total Return	13.2%		10.1%		5.6%		0.0%	
	Transamerica Flexible Income	1.5%		2.4%		1.3%		0.0%	
	Transamerica Short-Term Bond	8.7%		5.3%		2.9%		0.0%	
	Van Kampen Emerging Markets Debt	3.6%		2.8%		1.8%		0.0%	
	Transamerica Money Market	0.5%		0.2%		0.2%		0.0%	
Stock Styles	Large-Cap Growth	6.8%		9.5%		13.0%		18.4%	
	Large-Cap Value	4.2%		6.1%		8.6%		11.8%	
	Large-Cap Core	4.8%		6.9%		10.0%		13.6%	
	Mid-Cap Growth	2.2%		2.9%		4.1%		5.5%	
	Mid-Cap Value	2.3%		3.4%		4.7%		6.4%	
	Mid-Cap Core	1.9%		2.7%		3.7%		5.0%	
	Small-Cap Growth	0.4%		0.5%		0.6%		1.0%	
	Small-Cap Value	0.4%		0.5%		0.7%		0.9%	
	Small-Cap Core	0.3%		0.4%		0.5%		0.6%	
	Real Estate	1.9%		3.1%		4.4%		6.1%	
Alternative Strategies	Convertible Preferred	0.0%		0.0%		0.0%		0%	
	Foreign (percentage of total assets)	10.9%		13.7%		17.0%		23.9%	
	Absolute-Return-Like Strategies	4.8%		4.5%		5.3%		4.9%	
	Convertible	0.6%		0.5%		0.2%		0.0%	
Bond Sectors	Corporate	11.4%		8.6%		4.7%		0.0%	
	Foreign and Emerging Market	15.0%		12.6%		7.0%		0.0%	
	Government	4.6%		3.0%		1.8%		0.0%	
	High-Yield	8.6%		7.1%		4.2%		0.0%	
	Mortgage-Backed Securities	6.0%		4.0%		2.4%		0.0%	
Cash Positions	Treasury-Inflation Protected Securities	5.7%		4.4%		3.0%		0.0%	
	Money Market Funds	0.5%		0.2%		0.2%		0.0%	
	Cash ¹ in Portfolio ¹	6.7%		5.4%		3.9%		2.0%	
	Cash ¹ in Underlying Funds	0.0%		0.0%		0.0%		0.0%	
Stock Sectors	Information	Software	3.7%		3.4%		3.5%		3.6%
		Hardware	6.8%		6.8%		6.7%		6.9%
		Media	2.4%		2.5%		2.6%		2.6%
	Services	Telecommunications	5.2%		5.2%		5.3%		5.4%
		Healthcare	9.0%		8.8%		8.8%		9.0%
		Consumer	9.6%		9.5%		9.5%		9.7%
		Business	6.4%		6.1%		6.3%		6.4%
	Manufacturing	Financial	20.0%		20.8%		21.4%		21.1%
		Consumer Goods	10.9%		10.6%		10.4%		10.5%
		Industrial Materials	12.0%		11.6%		11.6%		11.6%
		Energy	11.5%		12.1%		11.2%		10.6%
		Utilities	2.5%		2.6%		2.7%		2.6%

The underlying fund percentages shown herein are based on each Portfolio's market value and are subject to change. Percentages shown are based on the long positions held by the underlying funds. Each Portfolio allocates its assets among Class I2 shares of various underlying funds of Transamerica Funds. Not all share classes are available to investors. Transamerica Funds are mutual funds advised by Transamerica Asset Management, Inc. and distributed by Transamerica Capital, Inc.

¹Reflects assets that are not invested in stock or bond securities as of this date and generally are invested in money market instruments.

Strategic Allocation by Morningstar Associates

Transamerica Funds offers the Transamerica Asset Allocation Portfolios with strategic allocation, fund selection, and portfolio construction by Morningstar Associates.* Morningstar Associates' investment management process is as follows:

1. Design the asset allocation models.

- Design four models for different long-term objectives, time horizons, and risk tolerances.
- Diversify across multiple asset classes, investment categories, and fund managers.
- Establish target ranges for each asset class and investment category.

2. Select the underlying funds.

- Choose the funds using quantitative and qualitative analysis, including:
 - Management structure and tenure.
 - Investment philosophy, strategy, process, and style.
 - Long-term, risk-adjusted performance compared to peer group.
 - Risks to performance such as sector concentrations, asset growth, and portfolio size.
- Analyze individual stock and bond holdings in each fund to reduce overlap.
- Use Morningstar® Style Box™ methodology to help diversify among categories.
- Allocate among the underlying funds based on the aggregation of the individual fund holdings to achieve the respective portfolio model target ranges.

3. Review the underlying funds for quality, style drift, and portfolio fit.

- Receive every stock, bond, and cash position in each fund every business day.
- Regularly review portfolio performance, characteristics, and holdings.
- Continuously analyze individual holdings to help reduce stock overlap and mitigate the effects of style drift.
- Re-evaluate portfolio fit of each fund.

4. Continuously balance with daily net cash flows.

- Typically direct daily net cash inflows to underweighted areas within a portfolio.
 - Purchasing in underweighted categories rather than selling in overweighted categories is generally more tax-efficient.
 - This approach tends to make use of dollar cost averaging² at the portfolio level without requiring a shareholder to make additional investments.
- Occasionally shift assets among underlying funds when larger adjustments are needed.



*Information contained herein that has been provided by Morningstar Associates, LLC reflects data proprietary to Morningstar Associates or its parent, Morningstar, Inc.

Transamerica Asset Management, Inc. has chosen Morningstar Associates, a registered investment advisor and wholly owned subsidiary of Morningstar, Inc., to serve as portfolio construction manager to the Asset Allocation Portfolios. Morningstar Associates is not acting in the capacity of an advisor to individual investors. The Morningstar name and logo are registered marks of Morningstar, Inc. All other marks are the property of their respective owners.

Asset allocation, like all investment strategies, offers no guarantee of positive returns, and mutual funds are subject to market risk, including loss of principal. You should also note that fees associated with these funds may be higher than with other funds. Global/international and sector funds are subject to additional market risks. An investment in a money market fund is neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any government agency.

²Dollar cost averaging does not protect against a loss.

¹Cash in Portfolio reflects assets held at the Portfolio level that are not yet invested in underlying funds.

Alternative investments are speculative and include a high degree of risk and are suitable only for long-term investors willing to forego liquidity and put capital at risk for an indefinite period of time. Investors could lose all or a substantial amount of their investment.

A portfolio concentrated in a single market sector may present more risk than a portfolio broadly diversified over several market sectors. Bonds, if held to maturity, provide a fixed rate of return and a fixed principal value. Bond funds fluctuate and shares, when redeemed, may be worth more or less than their original cost.

Before investing, investors should carefully consider their investment objectives and the risks, charges, and expenses associated with the mutual funds. The prospectus contains this and other information about the funds. Contact your financial professional or call Transamerica Funds at 888-233-4339 for a prospectus, and read it carefully before investing.

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