

TRANSAMERICA INTERMEDIATE BOND

I3 | TMBTX | 03/24/2017 **R** | TMBRX | 03/24/2017 **R4** | TMBFX | 09/11/2000

INVESTMENT OBJECTIVE

The fund seeks to achieve maximum total return.

KEY FACTS

Investment Manager	Transamerica Asset Management, Inc. (TAM)
Morningstar Category	Intermediate Core Bond
Lipper Category	Core Bond
Dividend Frequency	Monthly
Primary Benchmark	Bloomberg Barclays US Aggregate Bond Index

SUB-ADVISER



USA Investment Management, LLC

Aegon USA Investment Management, LLC (AUIM)

PORTFOLIO MANAGERS

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MACROECONOMIC OVERVIEW

In the second quarter, risk around trade policy and growing concerns over a slowing global economy continued to influence the U.S. Federal Reserve (Fed), with 2020 “dot plot” median estimates now suggesting a rate cut in 2020. For now, the Fed has paused its rate normalization process given tighter financial conditions, global activity concerns, and muted inflation. They have also suggested a faster end to quantitative tightening than previously anticipated. With peaks in economic activity and earnings growth likely behind us, the Fed’s more dovish tone, concerns over an inverted yield curve, and trade rhetoric were top of mind for investors in the second quarter. Risk assets and U.S. Treasuries posted broadly positive results in the first quarter, led by U.S. equities and investment grade bonds, with lower risk-adjusted profiles for risk assets. The ten-year U.S. Treasury yield rallied to end the quarter at around 2%, just a touch below the three-month Treasury yield as the yield curve inverted to end the second quarter. The two-year U.S. Treasury yield declined roughly 0.50% during the quarter as the Fed’s rhetoric was more dovish and markets began to price in at least one rate cut in 2019. The spread between the two- and ten-year U.S. Treasuries ended the quarter slightly wider as the two-year yield contracted more than the 10-year.

FUND OVERVIEW

For the second quarter, the Transamerica Intermediate Bond’s overweight to spread-based assets led to positive relative returns from both credit spread and carry, with the most significant contribution coming from investment grade corporate credit. These positives were partially offset by the fund’s slight short duration and curve positioning as rates rallied across and the curve steepened over the quarter. The largest positive contributors to relative performance at an asset class level were the fund’s selection within U.S. Treasury securities and underweight allocation to Agency residential mortgage-backed securities (MBS), while the portfolio’s allocations to shorter duration asset-backed securities (ABS) and commercial MBS were detractors. From a ratings perspective, AUIM’s allocation, primarily to long U.S. Treasury securities, led to outperformance versus the benchmark in AAA-rated securities, whereas security selection within single A credits was the largest detractor.

OUTLOOK

AUIM anticipates gross domestic product growth of around 2.25% for 2019, as benefits from tax policy fade and growth starts to converge back to trend, with the balance of risks tilted to the downside. While AUIM thinks inflation will stay around the Fed’s 2% target in the medium term, they also believe runaway inflation pressures should remain structurally muted. With the fourth hike effective in December, a more dovish rhetoric, and concerns over downside risks to the economy, we are anticipating the federal open market committee may cut rates at least once in 2019, a more dovish stance than we had in the first quarter. The end of quantitative tightening, sooner rather than later, offers some relief on liquidity. AUIM intends to remain overweight spread-based asset classes, particularly private label structured products like asset-backed securities (e.g., timeshares, collateralized loan obligations) and single asset/single borrower commercial mortgage-backed securities, which may benefit from stable property markets and a healthy consumer. Selectivity in corporate credits is key as merger and shareholder-friendly activity likely continues. AUIM continues to prefer financials over industrials due to their strong capital positions and expected lower event risk.

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.

TRANSAMERICA INTERMEDIATE BOND

as of 06/30/2019

FEES (%)

	I3	R	R4
Gross Expense Ratio	0.41	0.91	0.66
Net Expense Ratio	0.41	0.91	0.65

There are no sales charges for Class R or Class R4. Class R shares are available only to eligible retirement plans. 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 03/01/2020.

AVERAGE ANNUAL TOTAL RETURNS (%)

	3M	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Class R4 (at NAV)	2.97	6.28	7.49	2.47	2.76	4.57	4.80
Class R (at NAV)	3.00	6.24	7.19	-	-	-	3.40
Bloomberg Barclays US Aggregate Bond Index	3.08	6.11	7.87	2.31	2.95	3.90	-

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.

TOP 10 HOLDINGS (%)

Federal National Mortgage Association, 3.50%, TBA	5.39
Federal National Mortgage Association, 3.00%, TBA	4.92
Federal National Mortgage Association, 4.00%, TBA	2.16
U.S. Treasury Bond, 3.62%, due 02/15/2044	1.79
U.S. Treasury Bill, 2.42%, due 07/05/2019	1.41
U.S. Treasury Note, 1.00%, due 11/30/2019	1.41
U.S. Treasury Note, 1.50%, due 08/15/2026	1.41
U.S. Treasury Inflation-Indexed Note, 0.62%, due 01/15/2024	1.32
Federal National Mortgage Association, 3.00%, TBA	1.25
U.S. Treasury Bond, 4.50%, due 02/15/2036	1.24
Total	22.30

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

MATURITY (%)

0-1 Year	17.05
1-3 Years	5.99
3-5 Years	9.81
5-10 Years	27.03
10-20 Years	17.28
20+ Years	35.19
Net Other Assets (Liabilities)	-12.42

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 fund acquired the assets and assumed the liabilities of three Transamerica Partners funds, including Transamerica Partners Institutional Core Bond (the "predecessor fund"), on March 24, 2017, and the predecessor fund is the accounting and performance survivor of the reorganizations. This means that the predecessor fund's financial and performance history became the financial and performance history of the fund. In the reorganization of the predecessor fund, former shareholders of the predecessor fund received Class R4 shares of the fund. The performance of Class R4 shares includes the performance of the predecessor fund prior to the reorganizations, and has not been restated to reflect the estimated annual operating expenses of Class R4 shares.

The Bloomberg Barclays US Aggregate Bond 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.

Any U.S. government guarantees of the securities held in this investment fund pertain only to those securities and not the fund or its yield. The values of bonds change in response to changes in economic conditions, interest rates, and the creditworthiness of individual issuers. The value of bonds and bond funds generally falls when interest rates rise, causing an investor to lose money upon sale or redemption.

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 three 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 go to 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.

Transamerica Funds are advised by Transamerica Asset Management, Inc. (TAM) and distributed by Transamerica Capital, Inc. (TCI) member of FINRA. Aegon USA Investment Management, LLC is an affiliate of Aegon companies. Transamerica companies are part of the Aegon group.

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