

TRANSAMERICA HIGH QUALITY BOND

I3 | TBDTX | 04/21/2017 R | TBDRX | 04/21/2017 R4 | TBDFX | 09/11/2000

INVESTMENT OBJECTIVE

The fund seeks to provide a high risk-adjusted return while focusing on the preservation of capital.

KEY FACTS

Investment Manager Transamerica Asset Management, Inc. (TAM)

Morningstar Category Short-Term Bond

Lipper Category Short Investment Grade Debt

Dividend Frequency Annually

Primary Benchmark ICE BofAML U.S. Corporate & Government 1-3 Years Index

SUB-ADVISER



MERGANSER
CAPITAL MANAGEMENT, LLC
an Avantor Company

Merganser Capital Management, LLC (Merganser)

PORTFOLIO MANAGERS

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MACROECONOMIC OVERVIEW

The first quarter of 2019 experienced rapid spread tightening that began on the second day of the new year. The rally in spreads continued at a torrid pace in January and slowed in February and March. Corporate bonds led the rally in the spread sectors. Current spread levels in corporates take us back to the levels we saw in mid-November. Over the quarter, front end corporates tightened by 0.32% to 0.35%. The traditional Asset-backed securities (ABS) sectors of autos and credit cards tightened by 0.16% and 0.17%, respectively while utility ABS lagged. Short residential mortgage backed securities (RMBS) tightened by 0.11%, and short commercial mortgage backed securities (CMBS) tightened 0.08%. U.S. Treasury yields fell meaningfully during the quarter, with most of the decline occurring in March as the U.S. Federal Reserve (Fed) capitulated to market expectations of no hikes forecast for 2019 (down from two). Yields fell from 0.20% at the wings to 0.28 at the belly. At the front of the curve rates became significantly more inverted from the 6-month to the 3-year. By the end of the quarter, the Fed funds futures market implied a 70% probability of a Fed cut in rates before year end.

FUND OVERVIEW

Transamerica High Quality Bond outperformed the benchmark during the first quarter, earning 1.65% versus 1.21% for the ICE BAML 1-3 Year Corp/Govt Index. The positive excess return was generated by all three of the primary return components; sector weighting, specific security selection and curve positioning. The fund benefited from its overweight to the spread sectors during a quarter of spread tightening with sector allocation adding over 0.27% to excess return. Higher beta securities outperformed. Within corporates General Electric, General Motors, Petroleos Mexicanos and Goldman Sachs were large positive contributors. Lower rated CMBS and subordinated tranches of auto ABS deals also outperformed as investors reached for yield. Specific security selection contributed 0.13% to the excess return. The flattening yield curve led to a larger than typical contribution from the fund's curve positioning. Even though the overweight at the front of the curve detracted from performance, this was more than offset by the positive impact of the fund's overweight in the 3 - 5 year duration bucket as the curve flattened by 0.10% between the 1yr and 3yr, and by 0.13% from the 1yr to the 5yr. In total, curve positioning added nearly 0.11% to excess return.

OUTLOOK

While there are many risks present across the globe there also seems to be a strong demand for risk assets. This may be due, in part, to the relatively higher yields available in the U.S., even after accounting for foreign exchange (FX) hedging costs. However, there are many signs that global growth is slowing such as recent manufacturing data out of the Eurozone, and Merganser does not expect another round of spread tightening as they saw in Q1. If spreads widen without a material change in the risk or fundamental landscape, Merganser will rotate into higher beta securities with more attractive valuations.

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 HIGH QUALITY BOND

as of 03/31/2019

FEES (%)

	I3	R	R4
Gross Expense Ratio	0.44	0.93	0.69
Net Expense Ratio	0.44	0.93	0.65

There are no sales charges for Class R and 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)	1.65	1.65	3.02	1.32	1.13	2.19	2.97
Class R (at NAV)	1.57	1.57	2.95	-	-	-	1.32
ICE BofAML U.S. Corporate & Government 1-3 Years Index	1.21	1.21	3.06	1.33	1.24	1.64	-

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. Performance for other share classes will vary.

TOP 10 HOLDINGS (%)

U.S. Treasury Note, 1.75%, due 11/30/2021	3.57
Morgan Stanley, 4.87%, due 11/01/2022	2.06
AmeriCredit Automobile Receivables Trust, Series 2018-1, Class D, 3.82%, due 03/18/2024	1.59
Citigroup, Inc., 4.05%, due 07/30/2022	1.38
Goldman Sachs Group, Inc., 3.52%, due 10/31/2022	1.36
Public Service Co. of Oklahoma, 5.15%, due 12/01/2019	1.29
Campbell Soup Co., 3.24%, due 03/15/2021	1.28
Progress Residential Trust, Series 2018-SFR1, Class C, 3.68%, due 03/17/2035	1.28
AmeriCredit Automobile Receivables Trust, Series 2018-2, Class D, 4.01%, due 07/18/2024	1.21
Huntington National Bank, 3.25%, due 05/14/2021	1.18
Total	16.20

Holdings 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	9.27
1-3 Years	27.91
3-5 Years	29.81
5-10 Years	13.54
10-20 Years	14.45
20+ Years	5.06
Net Other Assets (Liabilities)	-0.04

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 High Quality Bond (the "predecessor fund"), on April 21, 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, 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 reorganization, and has not been restated to reflect the estimated annual operating expenses of Class R4 shares. Please read the prospectus for more information.

The ICE BofAML U.S. Corporate & Government 1-3 Years 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. TAM and Merganser Capital Management, LLC (Merganser) are not affiliated companies. 1801 California St. Suite 5200, Denver, CO 80202