

TRANSAMERICA BOND

A | IDITX | 06/29/1987 C | IFLX | 11/11/2002 I | TFXIX | 11/30/2009

INVESTMENT OBJECTIVE

The fund seeks to provide high total return through a combination of current income and capital appreciation.

KEY FACTS

Investment Manager	Transamerica Asset Management, Inc. (TAM)
Morningstar Category	Intermediate-Term Bond
Lipper Category	Core Plus 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

Risk around trade policy continued to influence the U.S. Federal Reserve (Fed) in the first quarter. It softened its approach to normalizing rates and instead of staying the course set out in the December meetings, surprised the market by dropping its “dot plot” from two hikes in 2019 down to no hikes, and from two hikes in 2020 to one hike at the conclusion of its March meeting. 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 and concerns over an inverted yield curve were top of mind for investors late in the quarter. As fourth quarter volatility normalized and financial conditions eased, risk assets posted broadly positive results in the first quarter, led by U.S. equities and high yield bonds, with improved risk-adjusted profiles. The ten-year yield rallied to end the quarter at around 2.4%, just a touch above the three-month U.S. Treasury yield. The spread between the two briefly went negative in March. The two-year U.S. Treasury yield declined roughly 0.23% during the quarter as the Fed’s rhetoric was more dovish and markets began to price in a rate cut in 2019. The spread between the two- and ten-year U.S. Treasuries ended the quarter narrower still.

FUND OVERVIEW

In the first quarter, credit spreads positively impacted the Transamerica Bond’s performance. The fund’s short duration positioning contributed negatively to relative performance as rates mostly fell across the curve. Coupon carry was a positive to relative performance, mainly from high yield securities. From a ratings perspective, AUIM’s allocations to B and BB-rated high yield contributed the most to performance.

OUTLOOK

AUIM continues to expect returns to be more carry-driven with potential for modest spread tightening following a weaker fourth quarter. 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 and a more dovish rhetoric, AUIM is anticipating the federal open market committee may not hike in 2019. The end of quantitative tightening, sooner rather than later, should offer some relief on liquidity. AUIM intends to remain overweight spread-based products, including corporate bonds, given the continued healthy macro backdrop. Selectivity is key as merger and shareholder-friendly activity likely continues. AUIM continues to like financials due to their stronger capital positions and prudential regulatory environment, as well as private label structured products, like asset-backed securities (e.g., timeshares, collateralized loan obligations) which may benefit from stable property markets and a healthy consumer.

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 BOND

as of 03/31/2019

FEES (%)

	A	C	I
Gross Expense Ratio	0.95	1.59	0.60
Net Expense Ratio	0.95	1.59	0.50

The Max Sales Charge for Class A shares is 4.75%. There are no sales charges for Class I. 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 03/01/2020.

AVERAGE ANNUAL TOTAL RETURNS (%)

	3M	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Class A (at NAV)	3.71	3.71	3.66	4.05	2.92	7.35	6.02
Class I (at NAV)	3.92	3.92	4.20	4.43	3.26	-	5.56
Class A (at POP)	-1.18	-1.18	-1.30	2.38	1.92	6.82	5.86
Bloomberg Barclays US Aggregate Bond Index	2.94	2.94	4.48	2.03	2.74	3.77	-

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.

TOP 10 HOLDINGS (%)

Federal National Mortgage Association, 3.50%, TBA	4.39
U.S. Treasury Bill, 2.41%, due 04/04/2019	1.49
U.S. Treasury Notes, 2.87%, due 10/31/2023	1.34
U.S. Treasury Note, 2.87%, due 10/31/2020	1.27
U.S. Treasury Bond, 2.25%, due 08/15/2046	1.22
New Residential Advanced Receivables Trust, Series 2017-T1, Class AT1, 3.21%, due 02/15/2051	1.12
Lexington Parker Capital Co. LLC, 2.62%, due 06/24/2019	1.00
U.S. Treasury Bond, 2.75%, due 08/15/2047	0.99
U.S. Treasury Notes, 3.12%, due 11/15/2028	0.93
U.S. Treasury Inflation-Indexed Bond, 2.50%, due 01/15/2029	0.88
Total	14.63

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	6.08
1-3 Years	12.59
3-5 Years	12.03
5-10 Years	28.28
10-20 Years	17.27
20+ Years	24.02
Net Other Assets (Liabilities)	-1.12

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 Barclays US Aggregate Bond Index (BB 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.

Interest rates may go up, causing the value of the Fund's investments to decline. Changes in interest rates, the market's perception of the issuers and the creditworthiness of the issuers may significantly affect the value of a bond. Investing in bond funds entails interest rate and credit risk as well as additional risks such as high-yield/high-risk bonds and is subject to greater levels of liquidity risk. These risks are described in more detail in the prospectus.

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. 1801 California St. Suite 5200, Denver, CO 80202