

TRANSAMERICA SHORT-TERM BOND

A | ITAAAX | 11/01/2007 C | ITACX | 11/01/2007 I | TSTIX | 11/30/2009

INVESTMENT OBJECTIVE

The fund seeks a high level of income consistent with minimal fluctuation in principal value and liquidity.

KEY FACTS

Investment Manager	Transamerica Asset Management, Inc. (TAM)
Morningstar Category	Short-Term Bond
Lipper Category	Short-Intermediate Investment Grade Debt
Dividend Frequency	Monthly
Primary Benchmark	ICE BofAML U.S. Corporate & Government 1-3 Years Index

SUB-ADVISER



USA Investment Management, LLC

Aegon USA Investment Management, LLC (AUIM)

PORTFOLIO MANAGERS

Tyler A. Knight, CFA
 Doug Weih, CFA
 Brian W. Westhoff, CFA
 Norbert King
 Glen Kneeland

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 AUIM, 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, Transamerica Short Term Bond's spread was the largest driver of positive excess returns for the quarter, with the largest contributions coming from investment grade corporate bonds and structured products, particularly commercial mortgage-backed securities (CMBS). Coupon carry also contributed positively to excess returns, again due to allocations to investment grade corporate bonds and structured products. The fund’s slightly underweight short duration positioning detracted from relative returns. Within corporate bonds, banking, energy and health care sectors contributed the most to relative returns, while retail and automotive contributed the least.

OUTLOOK

AUIM anticipates gross domestic product (GDP) growth of around 2.25% for 2019, as benefits from tax policy fade and growth starts to converge back to trend. 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. Given the dovish shift of the Fed, AUIM is anticipating no rate hikes in 2019. 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 SHORT-TERM BOND

as of 03/31/2019

FEES (%)

	A	C	I
Gross Expense Ratio	0.85	1.62	0.65
Net Expense Ratio	0.85	1.62	0.65

The Max Sales Charge for Class A shares is 2.50%. 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)	1.86	1.86	3.01	2.29	1.70	3.66	3.39
Class I (at NAV)	1.93	1.93	3.23	2.50	1.92	-	3.00
Class A (at POP)	-0.72	-0.72	0.43	1.43	1.18	3.39	3.16
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. 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 (%)

U.S. Treasury Notes, 2.50%, due 12/31/2020	1.82
U.S. Treasury Notes, 2.62%, due 12/31/2023	1.43
International Lease Finance Corp., 8.25%, due 12/15/2020	0.83
Goldman Sachs Group, Inc., 2.55%, due 10/23/2019	0.74
OMX Timber Finance Investments I LLC, 5.42%, due 01/29/2020	0.72
Wells Fargo Bank NA, 2.60%, due 01/15/2021	0.69
Aviation Capital Group LLC, 7.12%, due 10/15/2020	0.68
BNP Paribas SA, 5.00%, due 01/15/2021	0.66
Duke Energy Corp., 3.05%, due 08/15/2022	0.66
BP Capital Markets PLC, 1.76%, due 09/19/2019	0.65
Total	8.88

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	13.84
1-3 Years	24.63
3-5 Years	18.39
5-10 Years	10.34
10-20 Years	20.44
20+ Years	10.98
Net Other Assets (Liabilities)	1.38

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 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.

The Fund is subject to a variety of risks, including credit risk, inflation risk, interest rate risk, prepayment risk, and liquidity risk. Additional risks include investing in foreign markets and non-investment grade securities. Changes in interest rates, the market's perception of the issuers and the creditworthiness of the issuers may significantly affect the value of the Fund.

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