

# 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

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

## SUB-ADVISER



USA Investment Management, LLC

Aegon USA Investment Management, LLC (AUIM)

## PORTFOLIO MANAGERS

 Bradley D. Doyle, CFA  
 Tyler A. Knight, CFA  
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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 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

For the first quarter, credit spreads were the largest contributor to relative performance given the fund’s overweight to spread-based assets in a credit spread-tightening environment. The fund was also positively impacted by carry from spread-based assets, most notably from investment grade corporate bonds. Yield curve effects were a slight detractor from performance based on the fund’s relative positioning across the curve during a period of falling rates. At an asset class level, the most significant contributions came from an overweight allocation to investment grade corporate bonds and underweight allocations to U.S. Treasuries and agency residential mortgage-backed securities (RMBS). This was slightly offset by overweight allocations to asset-backed securities (ABS), commercial mortgage-backed securities (CMBS) and non-agency RMBS.

## 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. 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 ABS (e.g., timeshares, collateralized loan obligations) and single asset/single borrower CMBS, 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 03/31/2019

## 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 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)	3.22	3.22	4.03	2.32	2.62	4.78	4.70
Class R (at NAV)	3.15	3.15	3.65	-	-	-	2.32
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](http://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 (%)

Federal National Mortgage Association, 3.00%, TBA	4.01
Federal National Mortgage Association, 3.50%, TBA	3.99
Federal National Mortgage Association, 4.00%, TBA	2.16
Federal National Mortgage Association, 3.00%, TBA	2.00
U.S. Treasury Bill, 2.41%, due 04/04/2019	1.75
U.S. Treasury Bond, 3.62%, due 02/15/2044	1.72
U.S. Treasury Note, 1.75%, due 09/30/2019	1.49
U.S. Treasury Note, 1.50%, due 08/15/2026	1.38
U.S. Treasury Notes, 3.12%, due 11/15/2028	1.33
U.S. Treasury Bond, 4.50%, due 02/15/2036	1.32
<b>Total</b>	<b>21.15</b>

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	16.91
1-3 Years	6.67
3-5 Years	9.35
5-10 Years	27.49
10-20 Years	17.93
20+ Years	32.85
Net Other Assets (Liabilities)	-11.29

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](http://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