

# TRANSAMERICA EMERGING MARKETS DEBT

A | EMTAX | 08/31/2011 C | EMTCX | 08/31/2011 I | EMTIX | 08/31/2011

## INVESTMENT OBJECTIVE

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

## KEY FACTS

<b>Investment Manager</b>	Transamerica Asset Management, Inc. (TAM)
<b>Morningstar Category</b>	Emerging Markets Bond
<b>Lipper Category</b>	Emerging Markets Hard Currency Debt
<b>Dividend Frequency</b>	Quarterly
<b>Primary Benchmark</b>	J.P. Morgan Emerging Markets Bond Index Global

## SUB-ADVISER



Logan Circle Partners, LP (Logan Circle)

## PORTFOLIO MANAGERS

Todd Howard, CFA  
Scott Moses, CFA

## MACROECONOMIC OVERVIEW

The first quarter was really a reversal of the fourth quarter. The U.S. dollar (USD) was range-bound and slightly stronger on a spot basis versus many other currencies, spreads tightened, and high yield significantly outperformed despite a rally in U.S. Treasuries. U.S. sovereigns tightened over 0.60% in a market where 10-year U.S. Treasuries traded almost 0.30% lower in yield. This made emerging markets sovereign assets some of the best assets in the market over the course of the quarter. Corporates tried their best to keep up but given their out performance last year, lack of duration, especially low quality duration, struggled to put up similar numbers. Corporates ended the quarter about 0.35% points tighter with high yield assets outperforming. In local currency, growth concerns and U.S. Federal Reserve (Fed) policy shift combined to fuel some USD strength and the idiosyncratic stories of Turkey and Argentina gave a bit of their fourth quarter bounce back. The best performers were under owned names like Russia, where the fear of sanctions escalation is very real but oil price stability and high real rates fueled a rally. The rest of the market was more bound by a fear that European growth stability remains elusive, no trade deal yet, and U.S. growth is questionable but better than everywhere else.

## FUND OVERVIEW

USD sovereign assets in Transamerica Emerging Markets Debt were the best performers with names like Ecuador, Angola, and Ukraine helping returns. Ecuador on the back of International Monetary Fund optimism, Angola rebounded with commodities and Ukraine caught up in election optimism. The fund did get some of the high quality duration move through exposure in the Gulf Cooperation Council but Asian duration also did well and it was not a big exposure in the fund. In the corporate space, the overall allocation kept up with the sovereign index but was still a laggard. Brazilian corporates remained a stellar performer with longer duration, export based names like Suzano rallying aggressively and outperforming U.S. high yield assets. Argentine corporates were also a positive contributor as they bounced back a bit post the sell-off in the 4th quarter. Foreign exchange and local rate exposure was the laggard for the quarter. The Fed pause failed to fuel USD weakness as Europe cannot seem to get out of its own way. On the positive, being very light in Turkish Lira and being tactical as well as outright owning Mexican local assets helped returns. On the negative, Argentina gave back some of its fourth quarter gains as the market worries about stubborn inflation and its impact on the upcoming election and only owning Russia through February only captured about 60% of its rally.

## OUTLOOK

Spreads have rebounded aggressively and Logan Circle remains committed to the belief that pessimism is a bit too high. That being said, valuations are less compelling, especially outside the curve in high yield assets so Logan Circle is moving in on the curve. With European growth yet to rebound and not meeting our expectations Logan Circle has reduced some non-dollar exposure, specifically European based foreign exchange positions, to roll into short dated front end yield positions in the USD sovereign and corporate space. For spreads to take another leg tighter, Logan Circle believes a trade deal will need to happen and European growth will need to show signs of stability. Expect Logan Circle to be tactical around local currency and quality bias in the fund.

**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 EMERGING MARKETS DEBT

as of 03/31/2019

## FEES (%)

	A	C	I
Gross Expense Ratio	1.12	1.88	0.82
Net Expense Ratio	1.12	1.88	0.82

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)	5.14	5.14	-2.60	5.49	3.13	-	4.88
Class I (at NAV)	5.23	5.23	-2.29	5.82	3.43	-	5.22
Class A (at POP)	0.16	0.16	-7.21	3.78	2.13	-	4.21
J.P. Morgan Emerging Markets Bond Index Global	6.59	6.59	3.52	5.20	4.80	-	-

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. 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 (%)

Brazil Notas do Tesouro Nacional, Series F, 10.00%, due 01/01/2025	1.65
Bonos de la Tesoreria de la Republica en pesos, 4.50%, due 03/01/2026	1.64
Hungary Government Bond, 2.50%, due 10/24/2024	1.48
Colombia Government International Bond, 4.37%, due 07/12/2021	1.33
CSN Resources SA, 6.50%, due 07/21/2020	1.31
Peru Government International Bond, 8.20%, due 08/12/2026	1.31
Petroleos Mexicanos, 6.75%, due 09/21/2047	1.24
Saudi Arabia Government International Bond, 4.37%, due 04/16/2029	1.18
Brazil Notas do Tesouro Nacional, Series F, 10.00%, due 01/01/2023	1.15
Mexico Government International Bond, 4.00%, due 10/02/2023	1.13
<b>Total</b>	<b>13.42</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	2.26
1-3 Years	12.32
3-5 Years	13.81
5-10 Years	34.05
10-20 Years	15.72
20+ Years	16.55
Net Other Assets (Liabilities)	5.11

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 J.P. Morgan Emerging Markets Bond Index Global (JPM EM Bond Index Global) 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 risks of investing in foreign securities are magnified in emerging markets. These may include risks related to market and currency volatility, adverse social and political developments, and the relatively small size and less liquidity of these markets. Debt investing is subject to credit risk and interest rate risk. Credit risks is the risk that the issuer of a bond won't meet their payments and interest rate risk is the risk that fluctuations in interest rates will affect the price of a bond.

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. TAM and Logan Circle Partners, LP (Logan Circle) are not affiliated companies. 1801 California St. Suite 5200, Denver, CO 80202