

## Transamerica Emerging Markets Debt

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

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### Investment objective

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

### Key facts

#### Investment Manager

Transamerica Asset Management, Inc. (TAM)

#### Morningstar Category

Emerging Markets Bond

#### Lipper Category

Emerging Mkts Hard Currency Debt Funds

#### Dividend Frequency

Quarterly

#### Benchmark(s)

J.P. Morgan Emerging Markets Bond Index Global  
Transamerica Emerging Markets Debt Blended Benchmark

### SUB-ADVISER



MetLife Investment Management, LLC (MIM)

### PORTFOLIO MANAGERS

Todd Howard, CFA

Scott Moses, CFA

### MACROECONOMIC OVERVIEW

US politics dominated the first quarter (Q1), with the new Trump administration's policies taking center stage. The year began with geopolitical headlines including Colombia's refusal to accept deported migrants and delayed tariff implementation with Mexico and Canada. Fears of inflationary policies caused a brief spike in treasuries in January (peaking at 4.79%), but rates then stabilized with Federal Reserve (Fed) commentary. Investors witnessed notable market volatility and a rally in the 10-year U.S. Treasury, closing the quarter at 4.21% amid tariff uncertainty. The decline in rates supported credit markets by lowering borrowing costs in an environment where growth projections are uncertain. Brent ended March at \$74.74/barrel prior to the combination of Liberation Day and OPEC's production hike sending energy tumbling below \$65/barrel during the first few days of April. Despite headline volatility, credit performance remained intact. Issuance was strong, with sovereigns posting a record Q1 and corporates recorded the largest Q1 ex-China issuance on record. The Emerging Markets Bond Index (EMBI) Global Diversified returned 2.2%, Corporate Emerging Markets Bond Index (CEMBI) Broad Diversified 2.4%, and Global-Based Investing (GBI)- Emerging Markets (EM) Global Diversified 4.3%.

### FUND OVERVIEW

Idiosyncratic stories led to underperformance in Q1. Ecuador bonds fell following the leftist opponent doing better than expected in the country's first round election. Ukraine sovereign detracted due to the disappointing oval office visit and the war stalemate. Turkey local detracted following the opposition leader and presidential candidate being arrested, leading to political uncertainties. High conviction overweight's to Argentina, Egypt, El Salvador, and Lebanon were pressured by the shift higher in credit quality. Suriname outperformed as the country received its final review and disbursement of the International Monetary Fund (IMF) Extended Fund Facility (EFF), and continued debt restructuring progress. Corporate performance was led by New World Development, which rallied after the company increased mainland China sales guidance. An underweight to the Financials sector was supportive as the sector underperformed given less rate sensitivity. While certain local exposures were weighed down by idiosyncratic news, the supportive weak US dollar environment helped local assets outperform hard currency bonds. Brazil and Mexico overweight's contributed, benefiting from the US treasury rally and rate cut, despite ongoing tariff volatility. Underweights to lower beta Asian credits including China and Malaysia were additive as these currencies lagged the rest of the space.

### OUTLOOK

In response to the global market downturn due to tariff announcements, MetLife Investment Management (MIM) has slightly increased preference for high-quality credit while maintaining existing geographic bias. MIM favors higher conviction BB sovereigns where commodity exposure is not oil-focused. The middle of the quality stack offers attractive yields, assuming markets remain volatile in the short term. Given tariff uncertainty, MIM prefers companies located in countries where the sovereign is willing to negotiate tariff terms or companies that are less reliant on exporting to the US. Local assets are not immune to the uncertainty, but there is room for optimism. It seems likely that the US, with more constrained fiscal policy and potentially higher inflation, will experience lower growth and lower real rates, challenging the dollar's longstanding outperformance. However, the dollar will remain a safe haven asset during times of stress, and as a result, the portfolio is currently overweight. While high real yields in LatAm are appealing, the uncertain growth outlook warrants a cautious stance. In Europe, stimulus from Germany and additional monetary measures from the European Central Bank (ECB) make assets in the Czech Republic and Poland attractive, and MIM remains overweight Turkey due to their vigilant commitment to disinflation. Asia is the most challenging region to navigate, and MIM remains significantly underweight given relative valuations and their significantly higher trade barriers.

**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.**

## Average annual total returns and expense ratios (%)

	3M	YTD	1 YR	3 YRS	5 YRS	10 YRS	Inception	Gross	Net
Class A (at NAV)	1.84	1.84	4.42	3.02	4.60	2.89	3.60	1.37	1.25
Class I (at NAV)	1.92	1.92	4.93	3.54	5.09	3.31	4.01	0.84	0.84
Class A (at POP)	-3.03	-3.03	-0.55	1.36	3.59	2.38	3.23	1.37	1.25
J.P. Morgan Emerging Markets Bond Index Global	2.35	2.35	6.72	3.24	3.37	3.11	-	-	-
Transamerica Emerging Markets Debt Blended Benchmark	2.96	2.96	6.29	3.73	3.62	2.93	-	-	-

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](https://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.

The Max Sales Charge for Class A shares is 4.75%. There are no sales charges for Class I shares. 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 3/1/2026.

## Top 10 holdings (%)

Mexico Government International Bonds, 7.38%, due 05/13/2055	2.04
Brazil Notas do Tesouro Nacional, Series F, 10.00%, due 01/01/2035	1.98
Mexico Government International Bonds, 6.88%, due 05/13/2037	1.64
Saudi Government International Bonds, 5.75%, due 01/16/2054	1.31
Argentina Republic Government International Bonds, 0.75%, due 07/09/2030	1.26
Mexico Bonos, Series M 30, 10.00%, due 11/20/2036	1.21
Petroleos Mexicanos, 6.84%, due 01/23/2030	1.21
Dominican Republic International Bonds, 6.95%, due 03/15/2037	1.19
Turkiye Government Bonds, 12.60%, due 10/01/2025	1.14
Republic of Poland Government Bonds, Series 0726, 2.50%, due 07/25/2026	1.04
<b>Total</b>	<b>14.02</b>

Holdings and weights are subject to change and are not recommendations to buy or sell a security. Holdings display excludes net other assets (liabilities).

## Maturity (%)

0-1 Years	2.52
1-3 Years	9.29
3-5 Years	13.50
5-10 Years	32.32
10-20 Years	18.27
20+ Years	18.40

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. Foreign and emerging market investments involve risks not associated with U.S. markets, such as currency fluctuation, adverse social and political developments, and the relatively small size, lower trading volumes and lesser liquidity of the markets. Fixed-income securities are subject to risks including credit risk, interest rate fluctuation risk, counterparty default risk, prepayment risk, extension risk, valuation risk, and liquidity risk.

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 two 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 visit [transamerica.com](https://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.**

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