

Transamerica Short-Term Bond

A | ITAAX | 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-Intmtd Investment Grade Debt Funds

Dividend Frequency

Daily

Benchmark

ICE BofA 1-3 Year US Corporate & Government Index

SUB-ADVISER



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PORTFOLIO MANAGERS

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MACROECONOMIC OVERVIEW

The government shutdown brought heightened uncertainty around the economic backdrop in October and November, particularly with the delay of most economic releases. Nonetheless, data released during the quarter eventually painted a benign picture for the US economy. They showed US GDP grew 4.3% in the third quarter after expanding 3.8% in the second quarter. Inflation cooled between September and November, with the consumer price index dropping from 3.0% to 2.7%, respectively, on a year-over-year basis. Meanwhile, the labor market continued to soften. The economy added 64,000 jobs in November but lost 105,000 jobs in October. At its December meeting, the Federal Open Market Committee (FOMC) reduced its benchmark fed-funds rate by 25 basis points (bps) to a range of 3.50% to 3.75%. That marked its third-consecutive meeting rate cut. The FOMC increased its growth forecast for 2026 and signaled just one more rate cut over the next year, implying that further softening of labor market data would likely be a prerequisite to further easing. The U.S. Treasury yield curve steepened during the fourth quarter. The two-year U.S. Treasury yield fell by 13 basis points (bps), consistent with the ongoing decline in monetary policy rates. Despite this easing in U.S. Federal Reserve (Fed) policy, continued strength in economic data alongside growing budget deficits globally drove long-dated yields modestly higher during the quarter, with the rate on the 30-year Treasury climbing by 11 bps. The ICE BofA US 1-3 Year Government & Corporate Index returned 1.14% in the fourth quarter, driven primarily by a decline in yields. The index yield to worst fell by 14 bps from 3.79% to 3.66%, falling to its lowest level since 2022 during the quarter. Meanwhile, the option-adjusted spread (OAS) on the corporate component of the index widened 3 bps to 52 bps.

FUND OVERVIEW

Transamerica Short Term Bond performance relative to the ICE BofA US 1-3 Year Government & Corporate Index benefited from the overweight to credit in the quarter given the additional yield generated by these securities relative to the benchmark. However, this positive was partially offset by modest spread widening in short-dated credit experienced over the quarter, which impacted the portfolio more than the benchmark. Yield curve factors modestly contributed to relative returns over the period. On a sector level, the largest contributors to relative returns were selection within and the overweight to investment grade corporate credit, the underweight allocation to government securities and a modest ex-index allocation to high yield corporate credit. An ex-index allocation to commercial mortgage-backed securities (CMBS) modestly detracted. Within corporate credit, the largest contributors to relative returns were an overweight allocation to banking and selection within consumer non-cyclicals and basic industry. An overweight allocation to technology modestly detracted.

OUTLOOK

The broad trends continue to support our economic "cooling" theme and lend credence to the Fed's pivot to the resumption of interest-rate cuts. The labor market continues to exhibit a slow bleed of low hiring and low firing, which has seen the unemployment rate tick slowly higher. At the same time, various economic indicators continue to show signs of robust economic activity, keeping spreads near their tightest levels. Given the persistence of risks to the economic outlook and elevated valuations, the sub-adviser maintains a cautious risk stance and will continue to manage exposure alongside the evolving outlook.

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 I (at NAV)	1.04	5.62	5.62	5.43	2.57	2.81	2.96	0.51	0.51
Class A (at NAV)	0.99	5.48	5.48	5.18	2.32	2.58	3.12	0.73	0.73
Class A (at POP)	-1.54	2.80	2.80	4.30	1.80	2.32	2.98	0.73	0.73
ICE BofA 1-3 Year US Corporate & Government Index	1.14	5.31	5.31	4.80	1.97	2.10	-	-	-

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.

The Max Sales Charge for Class A shares is 2.50%. 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 (%)

U.S. Treasury Notes, 4.25%, due 02/28/2029	2.55
U.S. Treasury Notes, 3.88%, due 03/15/2028	0.99
U.S. Treasury Notes, 4.38%, due 07/15/2027	0.98
U.S. Treasury Notes, 4.00%, due 02/28/2030	0.97
Wells Fargo & Co., 3.58%, due 05/22/2028	0.92
GXO Logistics, Inc., 6.25%, due 05/06/2029	0.75
Citigroup, Inc., 1.46%, due 06/09/2027	0.73
Bank of America Corp., 4.38%, due 04/27/2028	0.71
U.S. Treasury Notes, 4.25%, due 02/15/2028	0.67
U.S. Bank NA, 4.73%, due 05/15/2028	0.64
Total	9.91

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	13.45
1-3 Years	45.82
3-5 Years	20.41
5-10 Years	5.86
10-20 Years	5.30
20+ Years	7.03

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.

Fixed-income securities are subject to risks including credit risk, interest rate risk, counterparty risk, prepayment risk, extension risk, valuation risk, and liquidity risk. The value of fixed income securities generally goes down when interest rates rise, and therefore the value of your investment in the fund may also go down. High yield bonds tend to be volatile and more susceptible to adverse events, credit downgrades and negative sentiments. 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 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 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, LLC, member 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

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