

TRANSAMERICA UNCONSTRAINED BOND

A | TUNAX | 10/01/2020 I | TUNIX | 12/08/2014

INVESTMENT OBJECTIVE

The fund seeks to maximize total return through a combination of interest income and capital appreciation.

KEY FACTS

Investment Manager	Transamerica Asset Management, Inc. (TAM)
Sub-Adviser	PineBridge Investments LLC (PineBridge)
Morningstar Category	Nontraditional Bond
Lipper Category	Absolute Return Bond Funds
Dividend Frequency	Daily
Primary Benchmark	ICE BofAML U.S. 3-Month Treasury Bill Index

SUB-ADVISER



PineBridge Investments LLC (PineBridge)

PORTFOLIO MANAGERS

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MACROECONOMIC OVERVIEW

The first quarter was mixed for fixed income assets, with higher-yielding and less duration-sensitive assets, such as high yield bonds and emerging market debt, outperforming to start the year as U.S. Treasury rates moved higher. Risk asset classes overall ended the quarter on a strong note, with most fixed income segments generating strong total returns in March. While spreads remain stretched and are expected to trade on the tight end of valuation ranges, issuer fundamentals are strong and all-in yields remain attractive. Market expectations for the number of Federal Reserve (Fed) rate cuts have come down from six at the beginning of the year to just two to three now. US inflation surprised higher for the second consecutive month in February. While the Fed has indicated that they believe cuts will likely be appropriate at some point this year, sticky inflation alongside strong growth and a resilient consumer has resulted in a more hawkish narrative. Meanwhile, economic conditions in Europe look weaker. Eurozone GDP was flat in the fourth quarter and expanded by just 0.1% compared to the prior year, though with dispersion among the constituent countries. The outlook improved most clearly in Spain, Portugal, and Italy, while Germany and France continue to lag and are a more significant driver of negative sentiment. Inflation in Europe has also proven less sticky than in the US and continues to grind lower. We believe these market dynamics make the European Central Bank's decision to cut interest rates simpler than the Fed's. This is also reflected in market expectations, which are currently pricing in three to four European Central Bank (ECB) rate cuts by the end of the year.

FUND OVERVIEW

Transamerica Unconstrained Bond I2 share class of the fund returned 1.29% which compared to a 1.29% return for the ICE BofA US 3-Month T-Bill Index, a -0.78% return for the Bloomberg US Aggregate Bond Index and a -0.47% return for the Bloomberg US Universal Index. From a total return standpoint, allocations to Asian High Yield Bonds as well as Contingent Convertible and Preferred Securities performed best. Allocations to Bank Loans, Investment Grade CLO debt tranches, US High Yield and U.S. Treasury holdings also contributed to performance. Allocations to Mortgage-Backed Securities and EM Local Currency debt holdings detracted from performance. Local currency positions in Brazil, South Africa and Indonesia were the most notable detractors within the EM Local Currency allocation.

OUTLOOK

PineBridge still expects the policy rate-cutting cycle to begin around midyear. Yet we see no reason to expect policy rates to break below 4% in this cycle unless recession risks begin to rise again. Against this backdrop, we have increased allocations to floating-rate fixed income asset classes as current income is attractive and we do not anticipate coupons to come down as fast as is anticipated by markets. PineBridge has recently increased their allocations to Bank Loans and Investment Grade CLO debt tranches as a result. PineBridge has also increased their allocation to Mortgage-Backed Securities (MBS). Outside of China's property markets, they believe Asia's high yield market presents the most attractive option for shorter-duration and higher-spread investments. Emerging Markets local currency debt is supported by a sharp disinflationary trend and positive real policy rates. Emerging Markets currencies can sustain gains in the first part of the rate cutting cycle as long as central banks are credible and only cut rates incrementally.

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 Yr	5 Yr	10 Yr	Inception	Gross	Net
Class I (at NAV)	1.32	1.32	6.75	0.88	2.91	-	3.00	0.82	0.82
Class A (at NAV)	1.26	1.26	6.51	0.62	-	-	2.40	1.03	1.03
Class A (at POP)	-3.51	-3.51	1.43	-0.98	-	-	0.99	1.03	1.03
ICE BofAML U.S. 3-Month Treasury Bill Index	1.29	1.29	5.24	2.58	2.02	-	-	-	-

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 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 3/1/2025.

TOP 10 HOLDINGS (%)

State Street Institutional U.S. Government Money Market Fund, 5.26%	12.65
U.S. Treasury Bills, 5.39%, due 04/09/2024	8.17
Uniform Mortgage-Backed Security, TBA, 2.50%, due 04/01/2039	7.72
Federal National Mortgage Association, 2.50%, due 02/01/2052	2.33
Federal Home Loan Mortgage Corp., 3.00%, due 05/01/2052	1.81
Federal Home Loan Mortgage Corp., 3.00%, due 09/01/2052	1.52
Federal Home Loan Mortgage Corp., 3.00%, due 06/01/2052	1.42
Government National Mortgage Association, 3.00%, due 07/20/2052	1.27
Government National Mortgage Association, 3.00%, due 03/20/2052	1.26
Signal Peak CLO 4 Ltd., Series 2017-4A, Class BR, 7.33%, due 10/26/2034	1.21
Total	39.36

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 Year	14.08
1-3 Years	11.68
3-5 Years	19.98
5-10 Years	20.65
10-20 Years	19.36
20+ Years	17.43

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. 3-Month Treasury Bill 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 and, therefore, the fund, are subject to risks including credit risk, interest rate fluctuation risk, counterparty default risk, which is greater with respect to high-yield/non-investment grade bonds, prepayment risk, extension risk, valuation risk, and liquidity risk. Changes in interest rates, the market's perception of the issuers and the creditworthiness of the issuers may significantly affect the value of a bond. Using derivatives exposes the fund to additional or heightened risks, including leverage risk, liquidity risk, valuation risk, market risk, counterparty risk and credit 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 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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