

Transamerica Long Credit

A | TLCDX | 03/31/2023 | TLCJX | 03/31/2023

Investment objective

The fund seeks to provide total return through a combination of current income and capital appreciation.

Key facts

Investment Manager

Transamerica Asset Management, Inc. (TAM)

Morningstar Category

Long-Term Bond

Lipper Category

Corporate Debt Funds BBB-Rated

Dividend Frequency

Daily

Benchmark

Bloomberg US Long Credit Index

SUB-ADVISER



asset management

Aegon USA Investment Management, LLC (AUIM)

PORTFOLIO MANAGERS

Norbert King

Sivakumar N. Rajan

MACROECONOMIC OVERVIEW

Economic data in the first quarter painted a picture of a resilient yet gradually cooling economy. Growth moderated following 2025's late-year surge; fourth-quarter GDP slowed to a 0.7% annualized pace amid a temporary government shutdown. Inflation steadied around 2.4% year over year as of February. The labor market sent mixed signals: February payrolls declined 133 thousand in February, but March saw a 178 thousand job rebound. Overall, trends continue to support a "cooling" theme, with low hiring pressuring the unemployment rate slightly higher, but other metrics generally benign. Productivity has been a bright spot: output per hour continues to track above its pre-pandemic trend, an encouraging development that could foster faster, non-inflationary growth going forward. Monetary policy held steady through the quarter: the Federal Reserve kept its benchmark rate unchanged at roughly 3.50–3.75% and signaled potential rate cuts later in the year as economic risks become more balanced. Of the 19 meeting participants, 12 penciled in at least one rate cut later this year. Fed Chair Powell signaled that the risks to the Fed's inflation and employment mandates had come further into balance, in part due to higher energy costs. Treasury yields rose sharply in March after the onset of the conflict in Iran, reflecting the impact of higher energy prices on inflation and implications for monetary policy. Front-end rates led the move higher, with the two-year Treasury closing the quarter 32 basis points (bps) higher. The Bloomberg US Long Credit Index returned -1.16% during the quarter, with both higher yields and wider spreads dragging on index returns. The index yield to worst climbed 23 bps to 5.86%. The index option-adjusted spread widened 11 bps to 106 bps.

FUND OVERVIEW

Transamerica Long Credit quarterly performance relative to the Bloomberg US Long Credit Index benefited from excess carry over the quarter. And although overall duration was managed largely in line with the benchmark, the portfolio's positioning across the curve positively impacted relative performance, mainly due to underweight positioning around the 10-year point of the yield curve. However, these positives were more than offset by the negative performance impact of credit spread widening over the quarter, which affected the portfolio more than the benchmark. The largest contributors to the portfolio's relative return were a modest ex-index allocation to asset-backed securities (ABS) and security selection within emerging markets debt. Detractors included the modest ex-index allocation to U.S. Treasury securities and selection within investment grade corporate credit. Within corporate credit, selection within banking, basic industry and technology were the largest contributors. The largest detractors were selection in electric and insurance, along with the overweight allocation to banking.

OUTLOOK

The Iran conflict and rising geopolitical tensions in the Middle East have reintroduced headline inflation risk via higher energy prices, but the evidence still points to a price shock rather than demand-driven inflation. With inflation expectations largely anchored and growth risks rising, the Federal Reserve is likely to hold policy steady in the near term, even as markets push rate-cut expectations further out.

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)	-0.98	-0.98	3.73	2.41	-	-	2.41	0.69	0.65
Class A (at NAV)	-1.15	-1.15	3.52	2.19	-	-	2.19	0.89	0.89
Class A (at POP)	-5.83	-5.83	-1.43	0.54	-	-	0.54	0.89	0.89
Bloomberg US Long Credit Index	-1.16	-1.16	3.96	3.11	-	-	-	-	-

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 3/1/2027.

Top 10 holdings (%)

U.S. Treasury Bonds, 4.63%, due 11/15/2045	1.86
JG Wentworth XLIII LLC, Series 2019-1A, Class A, 3.82%, due 08/17/2071	1.75
Charter Communications Operating LLC/ Charter Communications Operating Capital, 6.48%, due 10/23/2045	1.18
JPMorgan Chase & Co., 3.11%, due 04/22/2041	1.04
U.S. Treasury Inflation-Protected Indexed Bonds, 1.50%, due 02/15/2053	0.99
U.S. Treasury Bonds, 1.25%, due 05/15/2050	0.98
Bank of America Corp., 5.05%, due 02/06/2037	0.97
Oracle Corp., 6.90%, due 11/09/2052	0.97
Virginia Electric & Power Co., 8.88%, due 11/15/2038	0.96
AT&T, Inc., 3.55%, due 09/15/2055	0.90
Total	11.60

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 (%)

5-10 Years	2.99
10-20 Years	26.00
20+ Years	70.02

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 Bloomberg U.S. Long Credit 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. Interest rates may go up, causing the value of the Fund's investments to decline. 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. These risks are described in more detail in the prospectus.

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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