

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)

Lipper Category

Corporate Debt Funds BBB-Rated

Dividend Frequency

Daily

Benchmark

Bloomberg US Long Credit Index

SUB-ADVISER



Aegon USA Investment Management, LLC (AUIM)

PORTFOLIO MANAGERS

Norbert King

Sivakumar N. Rajan

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 Gross domestic product (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 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 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 basis points. The return on the Bloomberg US Long Credit Index was flat during the quarter. Neutral total returns for the index reflected an increase in yields and credit spreads, which offset the impact of carry. The index yield to worst rose 10 basis points from 5.53% to 5.63%. The index option-adjusted spread widened 4 basis points to 95 basis points.

FUND OVERVIEW

Transamerica Long Credit quarterly performance relative to the Bloomberg US Long Credit Index benefited from excess carry over the quarter. Credit spread impacts also contributed to relative returns while curve positioning detracted from relative returns given overweight positioning at the 30-year point of the yield curve. The largest contributors to the portfolio's relative return were a modest ex-index allocation to asset-backed securities and security selection within investment grade corporate credit. Detractors included the ex-index allocation to U.S. Treasury securities and selection within emerging markets debt. Within corporate credit, an underweight allocation to communications and selection within banking and energy were the largest contributors. The largest detractors were selection in insurance, communications and consumer non-cyclicals.

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)	-0.63	6.98	6.98	-	-	-	3.00	0.65	0.65
Class A (at NAV)	-0.58	6.81	6.81	-	-	-	2.82	0.78	0.78
Class A (at POP)	-5.31	1.77	1.77	-	-	-	1.02	0.78	0.78
Bloomberg US Long Credit Index	-	7.77	7.77	-	-	-	-	-	-

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://www.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 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 (%)

JG Wentworth XLIII LLC, Series 2019-1A, Class A, 3.82%, due 08/17/2071	1.78
U.S. Treasury Bonds, 4.63%, due 11/15/2045	1.75
Anheuser-Busch InBev Worldwide, Inc., 4.44%, due 10/06/2048	1.35
Charter Communications Operating LLC/ Charter Communications Operating Capital, 6.48%, due 10/23/2045	1.19
JPMorgan Chase & Co., 3.11%, due 04/22/2041	1.07
Oracle Corp., 6.90%, due 11/09/2052	1.00
Virginia Electric & Power Co., 8.88%, due 11/15/2038	0.98
AT&T, Inc., 3.55%, due 09/15/2055	0.91
U.S. Treasury Notes, 4.00%, due 11/15/2035	0.85
Energy Transfer LP, 7.50%, due 07/01/2038	0.83
Total	11.71

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	3.74
10-20 Years	26.90
20+ Years	67.73

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](https://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, 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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