

Transamerica Sustainable Equity Income

A | TDFAX | 01/04/2013 **C** | TDFCX | 01/04/2013 **I** | TDFIX | 01/04/2013

Investment objective

The fund seeks total return gained from the combination of dividend yield, growth of dividends and capital appreciation.

Key Facts

Investment Manager

Transamerica Asset Management, Inc. (TAM)

Morningstar Category

Large Value

Lipper Category

Equity Income Funds

Dividend Frequency

Quarterly

Benchmark

Russell 1000[®] Value Index

SUB-ADVISER



Aegon Asset Management UK plc (AAM)

PORTFOLIO MANAGERS

Mark Peden, CFA
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MACROECONOMIC OVERVIEW

Domestic and international equity markets ended the quarter in a very different place to where they began. January started with investors believing US exceptionalism would take another leg up and the ailing markets of Europe and China to be further hobbled by President Trump's policies. What happened next was starkly at odds with that view. Firstly, the release of a domestic Chinese Artificial Intelligence (AI) model sent shockwaves through the tech sector and challenged the hitherto accepted notion that AI would be a winner takes all game and those winners would be the deep pocketed US firms with the most advanced chips. This started something of a momentum reversal that took the shine off the theme that had dominated markets over 2024. In addition, the President gradually ratcheted up trade rhetoric and policy became increasingly erratic, sending markets into risk off mode. As a protracted confrontation with significant tariffs on all trading partners became more likely, investors envisaged lower growth, higher inflation and increased recession risk. Against this backdrop, value stocks offered some shelter, with the Russell 1000[®] Value Index gaining 2.1%, which was impressive in comparison to the -10.0% fall for the Russell 1000[®] Growth Index. Within the broader market, defensives such as utilities, health care and staples outperformed, as did energy. In contrast consumer discretionary, tech and communication services endured a torrid quarter.

FUND OVERVIEW

Transamerica Sustainable Equity Income made a small gain in absolute terms. On the allocation front, the fund's overweight to tech and industrials was unhelpful, as both underperformed. The low exposure to energy, driven by the fund's sustainability criteria was also a headwind, as the sector rallied. Many of the fund's top contributors came from the health care sector, with Gilead Sciences (4.39% as of 3/31/2025), Quest Diagnostics (2.69%), Medtronic (2.32%) and Elevance Health (1.57%) all making good gains. This was more than just a sector bounce though. Gilead delivered a solid beat on the top and bottom line. Quest's results were also a beat on revenues and earnings and management reiterated confidence in its long term guidance of high single digit earnings growth. Outside of health care, exchanges operator CME Group (4.30%), whose business model benefits from market volatility, performed well, as did Progressive Corp (1.66%), where numbers remained solid. The largest detractors were mainly stocks with exposure to the AI theme, which were weighed down by the market rotation rather than any change to the underlying fundamental thesis. Semiconductor specialists Broadcom (2.31%) and TSMC (2.07%), both excellent performers last year, lost ground, as did Microsoft (2.40%). It was a similar story for non-tech stocks which are also seen as plays on AI, with Schneider Electric (2.00%) and United Rentals (1.91%) also lower. One detractor that was more stock specific was Packaging Corp (2.34%), which missed consensus with its Q4 earnings and provided underwhelming guidance for Q1 2025. Portfolio companies continue to deliver good dividends and buybacks. For example, Colgate Palmolive (3.79%) increased its quarterly dividend by 4% during the period. There was no notable trading over the quarter.

OUTLOOK

Providing an outlook in such a volatile market environment is difficult, especially when the main cause of that volatility, government policy, shows no signs of becoming more predictable. Based on current trends, a likely scenario is a significant haircut to US economic growth this year and an increase in inflation. This in turn will impact corporate earnings and consumer purchasing power. In short, the picture is much less rosy than at the start of the year and investors will have to tread carefully to avoid the areas most exposed to these policy swings and their effects.

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)	0.69	0.69	6.62	4.73	11.89	5.52	7.50	1.05	1.05
Class I (at NAV)	0.74	0.74	6.93	5.19	12.27	5.79	7.76	0.86	0.77
Class A (at POP)	-4.83	-4.83	0.77	2.78	10.62	4.92	7.00	1.05	1.05
Russell 1000® Value Index	2.14	2.14	7.18	6.64	16.15	8.79	-	-	-

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 5.50%. 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.

Contributors & Detractors (%)

Leading Contributors	Contribution	Weight*	Return**
Gilead Sciences Inc	0.80	3.92	22.17
Republic Services Inc	0.64	3.34	20.72
CME Group Inc Class A	0.56	3.87	14.80
Leading Detractors	Contribution	Weight	Return
Packaging Corp of America	-0.30	2.47	-11.48
Taiwan Semiconductor Manufacturing Co Ltd ADR	-0.39	2.38	-15.62
Broadcom Inc	-0.88	2.88	-27.56

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*Average portfolio weight for each security during the course of the quarter, calculated using daily holdings.

**The return for each security corresponds to the portion of the quarter when the fund held the security.

Top 10 holdings (%)

Gilead Sciences, Inc.	4.39
CME Group, Inc.	4.30
Cisco Systems, Inc.	4.20
Colgate-Palmolive Co.	3.79
MetLife, Inc.	3.75
Republic Services, Inc.	3.71
Texas Instruments, Inc.	3.08
Automatic Data Processing, Inc.	2.73
Home Depot, Inc.	2.71
Quest Diagnostics, Inc.	2.69
Total	35.35

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

The Russell 1000® Value 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. Russell® and other service marks and trademarks related to the Russell indexes are trademarks of the London Stock Exchange Group companies.

Focused funds are less diversified than other mutual funds; therefore, the performance of each holding in a focused fund has a greater impact upon the overall portfolio, which increases the risks associated with investing in the Fund. Value investing carries the risk that the market will not recognize a security's intrinsic value for a long time or that a stock considered undervalued is actually appropriately priced. Dividend income may vary depending on market performance and is not guaranteed. A company's future ability to pay dividends may be limited.

Applying the sub-adviser's ESG criteria to its investment analysis for the fund may impact the sub-adviser's investment decisions as to securities of certain issuers and therefore the fund may forgo some investment opportunities available to funds that do not use ESG criteria. Securities of companies with what are defined by the sub-adviser as having favorable ESG characteristics may shift into and out of favor depending on market and economic conditions, and the fund's performance may at times be better or worse than the performance of similar funds that do not use ESG criteria or that apply different ESG criteria. ESG is not a uniformly defined characteristic and applying ESG criteria involves a subjective assessment. ESG ratings and assessments of issuers can vary across third-party data providers.

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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