

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

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MACROECONOMIC OVERVIEW

Equity markets continued their upwards trajectory through Q3, as healthy corporate earnings, continued momentum behind the Artificial Intelligence (AI) theme and the Federal Reserve's (Fed) first rate cut of 2025 all supported bullish sentiment. Domestic equities registered a strong showing versus other developed markets but the real standout on a global basis were emerging markets. With the AI theme and rate cuts dominating the narrative, it was unsurprising that growth comfortably outperformed value over the quarter (Russell 1000® Growth 10.5%, Russell 1000® Value 5.3%). The same themes saw tech end as the best performing sector, followed by utilities, which are benefitting from the huge rise in power demand from data centres. Energy and basic materials also outperformed. In contrast, it was a poor quarter for staples and telcos. Industrials also underperformed, although the aerospace and defence sub sector continued its striking upwards momentum.

FUND OVERVIEW

Whilst Transamerica Sustainable Equity Income made a gain in absolute terms, it could not keep pace with the Russell 1000® Value Index. Allocation was a small positive, thanks to being overweight tech and underweight consumer staples. However, stock selection detracted. The main relative detractor over Q3 was Alphabet (2.04% as of 9/30/2025), owner of Google. The stock was added to the index at the June reconstitution and gained 37% over the quarter. The fund took a position in September but missed the gains from earlier in the quarter. Colgate-Palmolive (2.79%) also detracted, as it continues to face a tough market, with volume growth flat to negative and little scope to put through price rises. Results did at least show a stabilisation in volumes, although sales growth for the year is expected to be at the low end of the previous range. Texas Instruments (2.78%) gave back gains from Q2 despite the strong tech sector move. Quarterly results were modestly ahead of expectations, but the guide prompted concerns about demand pull forward due to tariffs. In more positive moves, the fund's other tech holdings generally performed well. TSMC (3.36%), Broadcom (4.10%) and new purchase KLA Corp (1.22%) all added good value, as they continue to be boosted by demand for AI chips. Financials also performed well, with Citizens Financial (2.22%) and Morgan Stanley (3.62%) delivering further solid operational progress. After a tough run, shares in DR Horton (1.42%) rallied, clocking their biggest one-day gain since 2009 following results in July that showed completions and gross margins ahead of consensus. The improving rate backdrop should also help the stock. In trading, the fund exited Weyerhaeuser, Elevance Health and Accenture, all of which have seen fundamentals weaken in recent months. As mentioned above, new positions were taken in Alphabet and semiconductor production equipment maker KLA Corp, both of which have performed well since being added to the fund.

OUTLOOK

Aegon AM expects economic data to continue to cool, as recently evidenced by lower gross domestic product (GDP growth and slowing new jobs data. Fiscal and monetary policy easing should ensure that growth remains positive, but a risk is that if inflation reaccelerates, following its recent move higher, this could leave the Fed in a difficult position and call into question the number of rate cuts currently projected by the market. In addition, the potential for geopolitical uncertainty to return to the levels seen in the first half of the year cannot be discounted. Market leadership also continues to be narrow, with AI a dominant driver. When combined with relatively full valuations, earnings growth will be essential if domestic equities are to hold on to the gains recorded in 2025. Despite the risks noted above, corporates have remained resilient and continue to deliver good earnings growth. Balance sheets are strong, enabling dividends and share buybacks to hit record levels, meaning capital returns are likely to be an important source of total return going forward, especially if further valuation expansion is limited.

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)	3.26	9.58	7.57	15.86	11.24	7.55	8.15	0.86	0.77
Class A (at NAV)	3.09	9.31	7.14	15.49	10.85	7.26	7.89	1.05	1.05
Class A (at POP)	-2.63	3.31	1.20	13.35	9.61	6.66	7.41	1.05	1.05
Russell 1000® Value Index	5.33	11.65	9.44	16.96	13.88	10.72	-	-	-

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**
Broadcom Inc	0.70	3.85	19.89
Taiwan Semiconductor Manufacturing Co Ltd ADR	0.66	2.97	23.70
United Rentals Inc	0.58	2.51	26.96
Leading Detractors	Contribution	Weight	Return
Elevance Health Inc	-0.28	0.39	-24.42
Texas Instruments Inc	-0.36	3.11	-10.84
Colgate-Palmolive Co	-0.39	3.11	-11.53

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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 (%)

Cisco Systems, Inc.	4.16
Broadcom, Inc.	4.10
Bank of America Corp.	3.76
Morgan Stanley	3.62
Gilead Sciences, Inc.	3.56
Taiwan Semiconductor Manufacturing Co. Ltd.	3.36
CME Group, Inc.	3.22
MetLife, Inc.	3.19
Microsoft Corp.	3.19
Home Depot, Inc.	2.89
Total	35.05

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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