

Transamerica Core Bond

A | TABDX | 11/01/2022 **C** | TABEX | 11/01/2022 **I** | TABGX | 11/01/2022 **R4** | TMBFX | 09/11/2000

Investment objective

The fund seeks to achieve maximum total return.

Key facts

Investment Manager

Transamerica Asset Management, Inc. (TAM)

Morningstar Category

Intermediate Core Bond

Lipper Category

Core Bond Funds

Dividend Frequency

Monthly

Benchmark

Bloomberg US Aggregate Bond Index

SUB-ADVISER



Aegon USA Investment Management, LLC (AUIM)

PORTFOLIO MANAGERS

Daniel Belton, CFA

Tyler A. Knight, CFA

Brian W. Westhoff, CFA

Sivakumar N. Rajan

MACROECONOMIC OVERVIEW

The US economy rebounded in the second quarter after shrinking in the first quarter. Gross domestic product (GDP) rose 3.8% in the second quarter according to the Bureau of Economic Analysis' third GDP reading released in late September. Meanwhile, inflation rose 2.9% in August from a year earlier, higher than its 2.7% pace of growth in July. The September payroll report from the Bureau of Labor Statistics—which is typically released on the first Friday of each month—was delayed due to the US federal government shutdown. However, the previous release showed the economy added just 22,000 jobs in August. The recent uptick in inflation coupled with various signs of increasing slack in the labor market highlight risks to both sides of the Federal Reserve's (Fed) dual mandate. Nonetheless, at its September meeting, the Federal Open Market Committee (FOMC) reduced its benchmark fed-funds rate by 25 basis points (bps) to a range of 4% to 4.25%, marking its first rate cut in nine months, and signaled further easing is likely at upcoming meetings. Interest rates declined during the quarter, led by short-dated yields. The two-year U.S. Treasury yield fell by 11 bps, reflecting expectations for lower policy rates given weaker economic data, particularly pertaining to the labor market. Longer-dated yields fell modestly during the quarter as the near-term path of Fed policy was offset by continued strength in economic activity and elevated inflation. The Bloomberg US Aggregate Index returned 2.03% in the quarter. Positive returns were supported both by a decline in yields and tightening of credit spreads. The index yield to worst declined 14 bps from 4.51% to 4.37%. The index option-adjusted spread narrowed 4 bps to 28 bps, near its tightest level on record.

FUND OVERVIEW

Transamerica Core Bond's performance relative to the Bloomberg US Aggregate Index benefited from the overweight to credit in the quarter given the additional yield generated by these securities relative to the benchmark. This positioning also led the portfolio to benefit more than the benchmark from the positive impact on price due to spread tightening. Yield curve factors modestly contributed to relative returns over the period. The underweight allocation to government securities contributed the most to relative returns. Selection within government securities was also a notable contributor. Over the quarter, the portfolio held longer-duration securities in governments relative to the benchmark's duration profile for the sector. This positioning positively impacted relative performance given the decline in rates over the quarter. The overweight to investment grade corporate credit and a modest ex-index allocation to high yield corporate credit also contributed. Detractors included the overweight allocation to asset-backed securities and the ex-index allocation to non-agency residential mortgage-backed securities. Within corporate credit, the largest contributors to relative returns were security selection in technology and capital goods, along with the overweight allocation to insurance. The underweight allocation to electric and selection within consumer cyclicals and basic industry detracted.

OUTLOOK

The broad trends continue to support Aegon USA Investment Management, LLC (AUIM) economic "cooling" theme and lend credence to the Fed's pivot to the resumption of interest-rate cuts. 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, AUIM 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)	2.15	6.10	2.99	-	-	-	5.53	0.52	0.43
Class R4 (at NAV)	2.09	5.79	2.66	4.79	-0.40	1.82	3.84	0.67	0.65
Bloomberg US Aggregate Bond Index	2.03	6.13	2.88	4.93	-0.45	1.84	-	-	-

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. Performance for other share classes will vary.

There are no sales charges for Class I. 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. There are no sales charges for Class R4. Class R4 shares are only available through eligible retirement accounts.

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 (%)

Uniform Mortgage-Backed Security, TBA, 2.50%, due 10/01/2055	4.11
Uniform Mortgage-Backed Security, TBA, 3.00%, due 10/01/2055	3.04
Uniform Mortgage-Backed Security, TBA, 5.50%, due 10/01/2054	2.34
Uniform Mortgage-Backed Security, TBA, 4.00%, due 10/01/2055	1.89
Uniform Mortgage-Backed Security, TBA, 4.50%, due 10/01/2055	1.88
U.S. Treasury Notes, 4.13%, due 02/28/2027	1.84
U.S. Treasury Bills, 4.31%, due 10/16/2025	1.58
U.S. Treasury Notes, 4.00%, due 05/31/2030	1.39
Uniform Mortgage-Backed Security, TBA, 3.50%, due 10/01/2055	1.39
U.S. Treasury Inflation-Protected Indexed Bonds, 2.50%, due 01/15/2029	1.32
Total	20.78

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 Years	19.86
1-3 Years	9.48
3-5 Years	15.47
5-10 Years	23.29
10-20 Years	12.18
20+ Years	37.94

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 US Aggregate Bond 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.

Any U.S. government guarantees of the securities held in this investment fund pertain only to those securities and not the fund or its yield. The values of bonds change in response to changes in economic conditions, interest rates, and the creditworthiness of individual issuers. Fixed-income securities are subject to risks including credit risk, interest rate risk, counterparty risk, prepayment risk, extension risk, valuation risk, and liquidity risk. The value of fixed income securities generally goes down when interest rates rise.

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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