

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



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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 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 (bps) 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 basis points (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 U.S. Treasury climbing by 11 bps. The Bloomberg US Aggregate Index returned 1.10% in the quarter. Positive returns were supported by both a modest decline in index yields and a tightening in the average option-adjusted spread (OAS). The index yield to worst declined 5 bps from 4.37% to 4.32% and the option-adjusted spread narrowed 1 bp to 27 bps, near its tightest level on record.

FUND OVERVIEW

Transamerica Core Bond 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. Yield curve factors negligibly contributed to relative returns over the period while credit spread-related impacts negligibly detracted. Selection within investment grade corporate credit was the largest contributor to relative returns, followed by the underweight to government securities. An ex-index allocation to non-agency residential mortgage-backed securities (non-agency RMBS) and a modest allocation to high yield corporate credit were also notable contributors. Selection within government securities was the largest detractor to relative returns. Over the quarter, the portfolio held longer-duration securities in governments relative to the benchmark's duration profile for the sector. This positioning negatively impacted relative performance given the rise in rates at the long end of the curve over the quarter. Within corporate credit, the largest contributors to relative returns were selection in consumer cyclicals, consumer non-cyclicals and transportation. Overweight allocations to technology, transportation and insurance detracted.

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)	0.94	7.09	7.09	4.63	-	-	5.39	0.52	0.43
Class R4 (at NAV)	0.88	6.71	6.71	4.53	-0.47	1.97	3.84	0.67	0.65
Bloomberg US Aggregate Bond Index	1.10	7.30	7.30	4.66	-0.36	2.01	-	-	-

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. 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 01/01/2055	4.02
Uniform Mortgage-Backed Security, TBA, 3.00%, due 01/01/2056	3.02
U.S. Treasury Bills, 3.96%, due 01/15/2026	2.11
Uniform Mortgage-Backed Security, TBA, 4.00%, due 01/01/2056	1.88
Uniform Mortgage-Backed Security, TBA, 4.50%, due 01/01/2055	1.87
Uniform Mortgage-Backed Security, TBA, 5.50%, due 01/01/2055	1.86
U.S. Treasury Inflation-Protected Indexed Bonds, 2.50%, due 01/15/2029	1.35
Uniform Mortgage-Backed Security, TBA, 3.50%, due 01/01/2056	1.33
U.S. Treasury Notes, 0.63%, due 08/15/2030	1.28
Uniform Mortgage-Backed Security, TBA, 2.00%, due 01/01/2055	1.24
Total	19.96

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	21.02
1-3 Years	6.15
3-5 Years	16.27
5-10 Years	22.77
10-20 Years	12.27
20+ Years	38.46

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](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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