Transamerica℠

as of 03/31/2025

Transamerica Strategic Income

A | TUNAX | 10/01/2020   I | TUNIX | 12/08/2014

Investment objective

The fund seeks to provide a high level of current income with long-term capital appreciation as a secondary objective.

Key facts

Investment Manager
Transamerica Asset Management, Inc. (TAM)

Morningstar Category
Multisector Bond

Lipper Category
Absolute Return Bond Funds

Dividend Frequency
Daily

Benchmark
Bloomberg US Aggregate Bond Index

SUB-ADVISER

PineBridge® INVESTMENTS

PineBridge Investments LLC (PineBridge)

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MACROECONOMIC OVERVIEW

Following strong performance in January, credit markets traded on a weaker note in February and March on the back of increased uncertainty around the macroeconomic outlook, driven by US trade policy and fears of a consumer slowdown. PineBridge's base case remains for a slowdown but not a recession, although the probability of a recession has increased. At a minimum they expect to see softer data over the next six months, but after that, the path will be highly dependent on policy – which is very hard to predict in the current environment. While slowing growth and modestly wider spreads were generally consistent with their expectations coming into the year, the magnitude and speed of change thus far have exceeded expectations. The narrative coming out the Federal Reserve (Fed) following its March meeting was more mixed. On the one hand, it seems clear that the Fed sees an increased risk of a stagflation ary scenario, as it downgraded economic growth to 1.7% from 2.1% and increased core inflation expectations to 2.8% from 2.5%. Despite that, the Fed signaled a somewhat dovish tone, as the dot plot still indicated two rates cuts this year and it is reducing its balance sheet tapering. However, the dot plot showed that four members now see no change in rates, up from just one member in January. Meanwhile, the picture in Europe is diverging from the US. The planned fiscal stimulus in Germany and increased defense spending in Europe are certainly positive, but the initiation of spending is more likely a 2026 story than a 2025 story. On top of a lack of spending this year, tariffs will also be rolling out over the next six months. As a result, we expect to see another downtrend in growth in the more immediate future, with subsequent economic improvement as spending picks up.

FUND OVERVIEW

The I share class of Transamerica Strategic Income returned 1.66% which compared to a a 2.78% return for the Bloomberg US Aggregate Bond Index and a 2.66% return for the Bloomberg US Universal Index. U.S. Treasury rates rallied during the quarter with the yield on the benchmark 10-year note rallying from 4.57% at the end of 2024 to 4.21% at the end of March 2025. Given the backdrop of lower treasury rates, longer duration and higher quality asset classes generally outperformed. The Fund benefitted most from holdings in agency mortgaged-backed securities and US Treasuries. Intermediated investment grade credit, contingent convertibles and preferred securities and emerging markets investment grade corporate debt also generated attractive total returns. Leveraged finance assets performed weaker during the quarter with some positive contributions from bank loans and investment grade collateralized loan obligation (CLO) debt tranches and small detractions from holdings in US high yield bonds.

OUTLOOK

Despite the market correction, we continue to believe that the fundamental picture is strong – albeit with some cracks – and that the technical backdrop will return to being supportive overall. Yields remain attractive, which should spur ongoing demand. Cheaper valuations have created more buying opportunities, although more weakness could lie ahead. As a result, PineBridge remains selective across industries and issuers, as opposed to broad risk-on positioning. Looking forward, the firm believes credit markets remain attractive overall despite the current period of weakness. Ultimately, PineBridge expects markets to weather the current period of volatility before we see additional policy focus, which could improve the economic outlook during the second half of the year. A few pockets of opportunity stand out, particularly Asia's high yield bond market (excluding China's property sector) and to a lesser extent US mortgage-backed securities (MBS), where spreads are still wide relative to their typical relationship with investment grade corporates. Additionally, the potential for banks to retain deposits could increase with further rate cuts, which might ease some of the technical constraints on MBS. In terms of higher spread segments, the pace of news and sentiment is moving risk asset classes quickly. We do not believe that the intention of the administration's tariff policy is to drive the US into a recession so severe that it would cause a material increase in default rates. Therefore, current spread levels are attractive in their view over a 12-month horizon. However, the path between current levels and tighter spreads is highly unlikely to be linear; over the next quarter, PineBridge is likely to see positive (deal announcements or teases) and negative (reciprocal tariff announcement) shocks. PineBridge expects the near term will see headline driven volatility both ways but risk/return is at worst symmetrical here even in the event of a slowdown. This looks like an interesting entry point for investors with a 12-month view.

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Average annual total returns and expense ratios (%)

	3M	YTD	1 YR	3 YRS	5 YRS	10 YRS	Inception	Gross	Net
Class I (at NAV)	1.66	1.66	5.62	3.10	5.38	3.20	3.25	0.77	0.64
Class A (at NAV)	1.59	1.59	5.24	2.82	-	-	3.03	1.02	0.98
Class A (at POP)	-3.20	-3.20	0.27	1.16	-	-	1.92	1.02	0.98
Bloomberg US Aggregate Bond Index	2.78	2.78	4.88	0.52	-0.40	1.46	-	-	-

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 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 (%)

State Street Institutional U.S. Government Money Market Fund, 4.29%	3.74
U.S. Treasury Bills, 4.25%, due 06/12/2025	3.10
Federal National Mortgage Association, 2.50%, due 02/01/2038	2.97
Federal National Mortgage Association, 2.50%, due 02/01/2052	2.97
U.S. Treasury Bonds, 4.13%, due 08/15/2044	2.19
U.S. Treasury Bills, 4.12%, due 04/24/2025	2.00
Federal National Mortgage Association, 2.50%, due 04/01/2037	1.57
Trinitas CLO XIV Ltd., Series 2020-14A, Class CR, 6.70%, due 01/25/2034	1.56
Sound Point CLO 35 Ltd., Series 2022-35A, Class D2R, 8.17%, due 04/26/2038	1.17
U.S. Treasury Bills, 4.23%, due 09/11/2025	1.12
Total	**22.39**

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	8.28
1-3 Years	10.06
3-5 Years	19.85
5-10 Years	28.41
10-20 Years	13.51
20+ Years	16.96

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.

Effective on March 1, 2025, the fund was renamed Transamerica Strategic Income. In addition, the fund's investment objective, principal investment strategies and benchmarks has changed.
The Bloomberg U.S. Aggregate Bond 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 and, therefore, the fund, are subject to risks including credit risk, interest rate fluctuation risk, counterparty default risk, which is greater with respect to high-yield/non-investment grade bonds, prepayment risk, extension risk, valuation risk, and liquidity risk. 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. Using derivatives exposes the fund to additional or heightened risks, including leverage risk, liquidity risk, valuation risk, market risk, counterparty risk and credit risk.
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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