

Transamerica Floating Rate

A | TFLAX | 10/31/2013 **C** | TFLCX | 10/31/2013 **I** | TFLIX | 10/31/2013

Investment objective

The fund seeks to achieve a high level of current income with capital appreciation as a secondary objective.

Key facts

Investment Manager

Transamerica Asset Management, Inc. (TAM)

Morningstar Category

Bank Loan

Lipper Category

Loan Participation Funds

Dividend Frequency

Daily

Benchmark

S&P UBS Leveraged Loan Index

SUB-ADVISER



Aegon USA Investment Management, LLC (AUIM)

PORTFOLIO MANAGERS

Jason P. Felderman, CFA

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MACROECONOMIC OVERVIEW

The rally in loan prices throughout late 2023 into early 2025 ended during the first quarter, as rising macro risk and increased trade barriers around the world contributed to a sell-off during the back half of the period. The loan market held up through mid-February against these broader risk market headwinds but ultimately succumbed to selling pressure late in the quarter as collateralized loan obligation (CLO) liabilities widened out resulting in less CLO issuance. Retail inflows turned to outflows and credit fundamentals deteriorated, especially for underlying company guidance/outlook. Investors turned their attention from the Federal Reserve (Fed) to tariffs in the first quarter in anticipation of President Trump's tariff plan. In the meantime, the final reading for fourth-quarter gross domestic product (GDP) showed the economy grew at a 2.4% annualized pace, according to data from the Bureau of Economic Analysis. While still in positive territory, it's lower than the third quarter's 3.1% reading. Inflation eased in February, with the consumer-price index (CPI) climbing 0.2% on a month-over-month basis. That was lower than January's 0.5% monthly gain and also below analysts' expectations. On a year-over-year basis, the CPI fell to 2.8% from 3.0%. The US labor market was resilient in March, adding 228,000 jobs, according to data from the Bureau of Labor Statistics. That reading was well above the 139,000 jobs economists expected and February's 117,000 reading. The unemployment rate, which is based on a separate survey, edged up to 4.2% in March from 4.1% in February. The Federal Reserve (Fed) met in March and opted to leave its benchmark interest rate unchanged at a range of between 4.25% and 4.50%. The Fed also cut its US GDP estimate for 2025 to 1.7% from its earlier projection of 2.1%. "We do not need to be in a hurry to adjust our policy stance, and we are well-positioned to wait for greater clarity," Fed Chair Jerome Powell said at a news conference after the meeting.

FUND OVERVIEW

Transamerica Floating Rate was able to keep up with the Index during the quarter as incremental carry was offset by some negative security selection as the fallout from rising trade tensions and a weakening outlook for the US consumer impacted sentiment on a handful of credits.

OUTLOOK

The remaining 2025 outlook for US bank loans is mixed, as starting coupons of 7.98% (according to the S&P UBS Leveraged Loan Index as of March 31, 2025) provides a solid buffer to offset some fundamental concerns, mainly in the lower single B/CCC part of the market, especially for credits exposed to incremental trade barriers. There are also ongoing low interest coverage ratios for certain borrowers as the Secured Overnight Financing Rate remains above long-term averages and the potential for asset-liability management exercises could result in par haircuts for certain distressed borrowers. As a result, the subadvisor remains focused on more defensive companies with healthy balance sheets in stable or growing industries while also trying to increase the portfolio's yield. Overall, loans are set up for solid returns over the intermediate term, but as markets saw in the first quarter, there is likely to be elevated pockets of volatility this year as the Trump administration enacts policies that could move markets up or down, with downside risk more elevated than before given the uncertainty.

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)	0.32	0.32	6.62	5.76	7.15	3.92	3.79	1.02	0.98
Class I (at NAV)	0.51	0.51	6.99	6.12	7.47	4.15	4.03	0.72	0.62
Class A (at POP)	-4.42	-4.42	1.58	4.04	6.11	3.41	3.35	1.02	0.98
S&P UBS Leveraged Loan Index	0.62	0.62	7.02	7.10	8.90	4.98	-	-	-

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 (%)

Tenet Healthcare Corp., 6.13%, due 06/15/2030	1.13
Bausch & Lomb Corp., 7.67%, due 05/10/2027	0.87
Allied Universal Holdco LLC, 7.88%, due 02/15/2031	0.86
Magenta Security Holdings LLC, 10.54%, due 07/27/2028	0.84
BCPE North Star U.S. HoldCo 2, Inc., 8.44%, due 06/09/2028	0.82
PetSmart, Inc., 8.17%, due 02/11/2028	0.79
CommScope LLC, 9.50%, due 12/15/2031	0.78
First Brands Group LLC, 9.55%, due 03/30/2027	0.76
Apro LLC, 8.05%, due 07/09/2031	0.75
MH Sub I LLC, 8.57%, due 05/03/2028	0.75
Total	8.35

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

Maturity (%)

0-1 Years	2.48
1-3 Years	18.25
3-5 Years	38.69
5-10 Years	37.48
10-20 Years	1.14

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 Credit Suisse Leveraged Loan 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.

Floating rate loans are often made to borrowers whose financial condition is troubled or highly leveraged. These loans frequently are rated below investment grade and are therefore subject to risks associated with high yield bonds. High yield bonds tend to be volatile and more susceptible to adverse events, credit downgrades and negative sentiments.

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.

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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