

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

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MACROECONOMIC OVERVIEW

Loans had a mixed quarter, with the S&P UBS Leveraged Loan Index up 1.19%, which is slightly less than coupon. Much of the decline on price can be attributed to lower quality, as CCCs were by far the worst performer, down 1.88% in the fourth quarter as several lower quality situations deteriorated. Outside of CCCs, the market traded with a firm tone with limited volatility and coupon like returns. Economic reports—delayed due to the government shutdown in October and November—flowed in throughout December. They showed US GDP grew 4.3% in the third quarter after expanding 3.8% in the second quarter. Meanwhile, 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. The labor market continued to soften in the second half of the year. The economy added just 50,000 jobs in December, bringing the three-month average to -22,000. At its December meeting, the Federal Open Market Committee reduced its benchmark fed-funds rate by 25 basis points to a range of 3.50% to 3.75%. That marked its third-consecutive meeting rate cut.

FUND OVERVIEW

The portfolio performance was impacted by poor security selection in one fast-moving restructuring situation and a name that got downgraded to CCC. This was offset by a rally in a certain re-org equity security and ongoing good carry in the portfolio from past rotation moves aimed at increasing yield. Bonds and cash drag were fairly neutral, and limited movement at the sector level is worth mentioning outside of chemicals, which fell 3.07% during the fourth quarter, benefitting the portfolio's underweight to that sector. At the ratings level, while the portfolio benefitted from an underweight to CCCs that fell during the quarter, security selection was negative, mainly due to one holding.

OUTLOOK

The sub-adviser expects US bank loans in 2026 is to match coupon-like returns, with some price appreciation possible, offset by liability management exercises, (which can result in principal losses) and a modest pick-up in defaults. The scenario would require a few more Fed rate cuts for the coupon/yield to be below long-term averages. The sub-adviser believes the current entry point is reasonable for long-term investors. Price rallies could be limited by eventual losses, but solid starting coupons are still compensating investors nicely. The sub-adviser is watching for pockets of volatility to emerge again as developments come through on trade, tariffs and geopolitics, which could result in attractive entry points for tactical investors. However, for investors willing to see through the potential volatility, 2026 should be another solid period of returns for the asset class.

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)	0.99	5.29	5.29	8.11	5.28	4.67	4.17	0.72	0.62
Class A (at NAV)	0.80	4.84	4.84	7.71	4.95	4.42	3.93	1.02	0.98
Class A (at POP)	-4.04	-0.12	-0.12	5.96	3.93	3.92	3.51	1.02	0.98
S&P UBS Leveraged Loan Index	1.19	5.94	5.94	9.30	6.37	5.78	-	-	-

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	1.19
Allied Universal Holdco LLC, 7.88%, due 02/15/2031	0.92
Bausch & Lomb Corp., 7.97%, due 01/15/2031	0.86
PetSmart, Inc., 7.73%, due 08/18/2032	0.86
BCPE North Star U.S. HoldCo 2, Inc., 7.83%, due 06/09/2028	0.85
Flynn Restaurant Group LP, 7.47%, due 01/28/2032	0.78
BIFM U.S. Finance LLC, 6.97%, due 05/31/2028	0.77
Apro LLC, 7.68%, due 07/09/2031	0.76
Nomad Foods Europe Midco Ltd., 6.28%, due 10/28/2032	0.76
Proampac PG Borrower LLC, 7.88%, due 09/15/2028	0.74
Total	8.49

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	1.67
1-3 Years	21.22
3-5 Years	25.42
5-10 Years	46.63
10-20 Years	0.58

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 S&P UBS 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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