

# Transamerica High Yield Bond

Class A IHYX | Class I TDHIX

## Investment Objective

The fund seeks a high level of current income by investing in high-yield debt securities.

## Sub-adviser

Aegon USA Investment Management, LLC (AUIM)



## Portfolio Managers

Kevin Bakker, CFA  
Benjamin D. Miller, CFA  
James K. Schaeffer, Jr.  
Derek Thoms

## Product Profile

A high-yield fund that invests at least 80% of its net assets in high-yield bonds (commonly known as “junk bonds”)

- ➔ Combination of a global “top down” analysis and a “bottom up” fundamental analysis
- ➔ In the qualitative “top down” approach, AUIM analyzes various factors that affect the movement of markets and securities prices worldwide
- ➔ In its “bottom up” approach, AUIM considers various fundamental and other factors, such as creditworthiness, capital structure, and, from a quantitative perspective, analyzes historical cash flows and financial data

## Fund Facts

Inception Date (A-I)	06/14/85 - 11/30/09
Benchmark Index	Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped Index
Morningstar Category	High Yield Bond
Lipper Category	High Yield
Dividend Frequency	Monthly

**This material was prepared for general distribution. It is being provided for informational purposes only and should not be viewed as an investment recommendation. If you need advice regarding your particular investment needs, contact your financial professional.**

## Macroeconomic Overview

As the structural reform agenda stalled in Washington, DC, the deflation trade faded, but the high yield market was acutely focused on crude oil. West Texas Intermediate prices were down 15% in the second quarter, which helped drive net outflows and cause bouts of modest spread widening. However, given the high cash balances and anemic new issuance, the supply/demand technicals remained price supportive, and spreads moved sideways-to-tighter. Falling interest rates, too, helped buoy high yield over the quarter, fostering a supportive environment for leveraged firms. Sound fundamentals, exhibited by a solid first quarter earnings season, were generally positive for high yield as well, though some sectors bear watching.

## Fund Overview

Selection decisions among CCC-rated bonds, in particular, generated the largest active contributions to the quarter’s returns, helped along by off-index exposure to BBB-rated paper. Being underweight the energy sector was positive for performance, but less important than selection decisions in that same space, as well as in consumer cyclicals and insurance. Consumer non-cyclicals, electric utilities, and transportation were the biggest detractors.

## Outlook

While the near-term volatility is rising, spreads have been resilient. AUIM anticipates this is likely to continue, as the supply-demand technical remains supportive for the asset class. Importantly, AUIM remains constructive on high yield fundamentals as company earnings are beating estimates and default rate expectations continue to decline. While modest spread tightening is possible in a rising rate environment, given current tight valuations, AUIM doesn’t expect high yield will absorb the entire move in rates. Therefore, it is expected total returns to be less than coupon for the remainder of 2017.

**The performance data presented 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](http://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.**

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 decisions.

**Not insured by FDIC or any federal government agency. May lose value. Not a deposit of or guaranteed by any bank, bank affiliate, or credit union.**

# Transamerica High Yield Bond

Class A IHYX | Class I TDHIX

## Risk Characteristics 3 years

	Portfolio
Alpha	-0.17
Beta	0.92
R-Squared	97.00
Standard Deviation	5.69

\*Risk measures are in comparison to the fund's primary benchmark unless otherwise indicated. Based on Class A shares at NAV for the 3-year period.

**Alpha** is a coefficient measuring the portion of a fund's return arising from specific (non-market) risk. Historical **Beta** illustrates a fund's sensitivity to price movements in relation to a benchmark index. **R-Squared** is a statistical measure that represents the percentage of a fund's movements that can be explained by movements in a benchmark index. **Standard Deviation** is a statistical measurement that helps to gauge the fund's historical volatility.

## Fixed Income Statistics

Average Price	\$100.14
Average Maturity	5.45 years
Average Duration	3.56 years

Source: AUIM

Average Maturity is computed by weighting the maturity of each security in the portfolio by the market value of the security, then averaging these weighted figures.

Average Duration is a time measure of a bond's interest rate sensitivity, based on the weighted average of the time periods over which a bond's cash flows accrue to the bondholder.

**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 of 4.75%. Performance for other share classes will vary.**

**The gross expense ratios for this fund are 1.02% and 0.73% for Class A and Class I shares, respectively. The net expense ratios for this fund are 1.02% and 0.73% for Class A and Class I shares, respectively. Contractual arrangements have been made with the fund's investment manager, Transamerica Asset Management, Inc. (TAM), through March 1, 2018.**

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.

Class I shares are primarily offered for investment to institutional investors including, but not limited to, fee-based programs, qualified retirement plans, certain endowment plans and foundations and Directors, Trustees and employees of the funds' affiliates.

The Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped 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.

Interest rates may go up, causing the value of the fund's investments to decline. 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. Investing in high-yield bond funds (junk bonds) may be subject to greater volatility and risks as the income derived from these securities is not guaranteed and may be unpredictable and the value of these securities tends to decline when interest rates increase.

**Before investing, consider the fund's investment objective, risks, charges, and expenses. Contact your financial professional or go to transamerica.com for a prospectus and/or summary prospectus with this information. Read it carefully.**

Transamerica Funds are advised by Transamerica Asset Management, Inc. and distributed by Transamerica Capital, Inc.

MQCHYB0717

## Total Return Performance (%)

	3 Mo	YTD	1 Yr	3 Yr*	5 Yr*	10 Yr*	Inception*
Class A (at NAV)	2.31	5.03	12.53	4.00	6.25	7.25	8.03
Class A (at POP)	-2.54	0.09	7.13	2.34	5.23	6.73	7.86
Class I (as NAV)	2.50	5.17	12.93	4.28	6.51	7.28	7.46
Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped Index	2.17	4.92	12.69	4.50	6.90	7.76	-

\* Average Annual Total Return

## Calendar Year Performance (%)

	2016	2015	2014	2013	2012	2011	2010
Class A (at NAV)	14.13	-4.66	3.43	6.22	16.99	3.93	12.81
Class I (at NAV)	14.49	-4.39	3.66	6.43	17.34	4.33	13.25
Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped Index	17.13	-4.43	2.46	7.44	15.78	4.96	14.94

## Top 10 Holdings

	% of Holdings
Univision Communications, Inc., 6.75%, due 09/15/2022	1.11
Associated Materials LLC / AMH New Finance, Inc., 9.00%, due 01/01/2024	1.09
Scientific Games International, Inc., 10.00%, due 12/01/2022	1.07
GMAC Capital Trust I, Series 2, 6.96%	1.07
CenturyLink, Inc., 7.65%, due 03/15/2042	0.97
Hughes Satellite Systems Corp., 7.62%, due 06/15/2021	0.96
International Game Technology PLC, 6.50%, due 02/15/2025	0.89
HCA Healthcare, Inc., 6.25%, due 02/15/2021	0.78
CHS / Community Health Systems, Inc., 6.87%, due 02/01/2022	0.76
Clear Channel Worldwide Holdings, Inc., 7.62%, due 03/15/2020	0.73
<b>Percentage of total portfolio</b>	<b>9.43</b>

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