

Transamerica Emerging Markets Debt

Class A EMTAX | Class I EMTIX

Investment Objective

The fund seeks to generate a high total return through a combination of capital appreciation and income.

Sub-adviser

Logan Circle Partners, LP (Logan Circle)



Portfolio Managers

Todd Howard, CFA
Scott Moses, CFA

Product Profile

A fund that invests in government and corporate debt securities from emerging markets, seeking to take advantage of promising economic and demographic trends

- ➔ Nearly 40 investment professionals seeking global credit opportunities across credit spectrums
- ➔ Invests in U.S. dollar and local currency debt; active currency-hedging program helps temper volatility
- ➔ Purchases emerging market government and corporate debt, investment grade and below-investment grade

Fund Facts

Inception Date (A-I)	08/31/11 - 08/31/11
Benchmark Index	J.P. Morgan Emerging Markets Bond Index Global
Morningstar Category	Emerging Markets Bond
Lipper Category	Emerging Markets Hard Currency Debt
Dividend Frequency	Quarterly

Macroeconomic Overview

The fourth quarter was an intriguing one for emerging markets assets as spreads widened, commodity prices weakened but the dollar was range-bound to weaker, leading to a significant change in the trend of wider spreads/stronger dollar. The continued trade rhetoric, disappointing data out of Europe and China as well as concerns that the stock market sell-off would bleed to domestic growth led the way lower for commodity prices and wider for spreads. Even the response to the U.S. Federal Reserve (Fed) rate move in December sparked rebellion that led Fed Chair, Jerome Powell and other members of the board to try and walk back some of their hawkishness. Spreads in U.S. dollar sovereigns widened almost 0.80% yet many down in quality names outperformed their developed market counterparts. Commodity prices were the big mover during the quarter and weighed on sub-Saharan African energy names like Angola and Nigeria. Corporates followed a similar pattern and on the index level held in quite well. High grade credit performed extremely well with names like Suzano and Vale outperforming. Non-dollar assets broke the trend of following down in quality risk and outperformed based on recent improvements in current account data, more responsive policy and dramatic underperformance coming into the fourth quarter. Some of the idiosyncratic under-performers rallied aggressively with Argentinian local assets rallying over 16% and Turkey up close to 30%. Elsewhere, Brazil traded strongly on the back of the election results and European based foreign exchange markets (FX) outperformed other emerging markets assets as it was more sensitive to Powell's attempt to calm markets.

Fund Overview

Transamerica Emerging Markets Debt underperformed its benchmark in the fourth quarter based on exposure to Mexican local rates, idiosyncratic corporate stories and commodity related exposure in Africa. On the positive side, European FX exposure outperformed in the face of lower U.S. rates as well as doubts around the path of Fed policy in 2019. Idiosyncratic stories of Argentina and Turkey tried to recover through the local market and domestic exposure in those markets helped returns. Mexico was a different story with local rates and FX selling off aggressively on Andrés Manuel Lopez Obrador's decision to cancel the Mexican City Airport concession. Argentina external assets did not follow the stability witnessed in the local market and retested their lows of earlier in the year as the market ignored better trade data and continued to focus on positioning. In the corporate space, it was all about commodities and cross over ownership with names like First Quantum Minerals, Ltd. (0.55% as of 12/31/18) and Altice Luxembourg SA (0.72%) selling off on both growth concerns and developed market high yield outflows.

Outlook

Pessimism seems too rampant even with most recent data prints across the globe. Logan Circle does not think recession is right around the corner and many assets are pricing in a very difficult market in the short term. A lot rides on the U.S.-China trades talks but even more may ride on European growth stabilizing in early 2019. Emerging Markets assets are discounting a lot of negative news and Logan Circle thinks given the recent moves by policy makers, the recent improvement of current account data (ex. China) and emerging markets corporates remaining focused on reducing leverage, it is a good time to own emerging markets fixed income.

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. There are no sales charges on 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.

**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.**

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30-Day SEC Yield

Class A – Subsidized	6.13%
Class A – Unsubsidized	5.97%

The **30-Day SEC Yield** is computed in accordance with a standardized method prescribed by rules of the SEC. The 30-Day SEC Yield is computed by dividing the fund's investment income per share earned during a particular 30-day base period by the maximum offering price per share on the last day of the base period, and then annualizing the result. The 30-Day SEC Yield is calculated at each month end and updated within the first ten business days of the following month. Be advised that the 30-Day SEC Yield calculation does not account for return of capital. Please refer to the most recent Annual Report for additional information regarding the composition of distributions. The subsidized 30-Day SEC Yield reflects the reimbursements or waivers of certain expenses. Had fees not been waived and/or expenses reimbursed, the yield would be lower. The unsubsidized 30-Day SEC Yield does not reflect reimbursements or waivers of expense fees.

Top 10 Holdings

	% of Holdings
Hungary Government Bond, 2.50%, due 10/24/2024	1.58
European Bank for Reconstruction & Development, Series MTN, 7.37%, due 04/15/2019	1.51
Brazil Notas do Tesouro Nacional, Series F, 10.00%, due 01/01/2027	1.38
Turkey Government International Bond, 7.25%, due 12/23/2023	1.33
Ukraine Government International Bond, 7.75%, due 09/01/2020	1.32
Mexico Bonos, Series M, 8.00%, due 12/07/2023	1.26
CSN Resources SA, 6.50%, due 07/21/2020	1.25
Brazil Notas do Tesouro Nacional, Series F, 10.00%, due 01/01/2025	1.20
Ukraine Government International Bond, 7.75%, due 09/01/2019	1.11
Hungary Government Bond, 3.00%, due 06/26/2024	1.11
Percentage of total portfolio	13.05

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

Total Return Performance (%)

	3 Mo	YTD	1 Yr	3 Yr*	5 Yr*	10 Yr	Inception*
Class A (at NAV)	-1.54	-7.00	-7.00	5.63	2.81	N/A	4.33
Class A (at POP)	-6.20	-11.39	-11.39	3.91	1.82	N/A	3.64
Class I (at NAV)	-1.47	-6.71	-6.71	5.97	3.16	N/A	4.67
JPM EM Bond Index Global	-1.19	-4.85	-4.85	4.74	4.18	N/A	–

* Average Annual Total Return

Calendar Year Performance (%)

	2018	2017	2016	2015	2014	2013	2012
Class A (at NAV)	-7.00	12.40	12.74	-4.35	1.91	-5.25	26.11
Class I (at NAV)	-6.71	12.68	13.20	-4.10	2.40	-5.06	26.58
JPM EM Bond Index Global	-4.85	9.59	10.19	1.23	5.53	-6.58	18.54

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

The gross expense ratios for this fund are 1.12% and 0.82% for Class A and Class I shares, respectively. The net expense ratios for this fund are 1.12% and 0.82% for Class A and Class I shares, respectively. Contractual arrangements (if applicable) have been made with the fund's investment manager, Transamerica Asset Management, Inc. (TAM), through March 1, 2019.

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.

The J.P. Morgan Emerging Markets Bond Index Global (JPM EM Bond Index Global) 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.

The risks of investing in foreign securities are magnified in emerging markets. These may include risks related to market and currency volatility, adverse social and political developments, and the relatively small size and less liquidity of these markets. Debt investing is subject to credit risk and interest rate risk. Credit risk is the risk that the issuer of a bond won't meet their payments and interest rate risk is the risk that fluctuations in interest rates will affect the price of a bond.

Mutual funds are subject to market risk, including the 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 go to 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, Inc. (TCI) member of FINRA.

TAM and Logan Circle Partners, LP are not affiliated companies.

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