

# 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 Funds
Dividend Frequency	Quarterly

## Macroeconomic Overview

Emerging market assets remained better bid during the quarter. U.S. dollar sovereign spreads barely moved, finishing at 2.85% over U.S. Treasuries. Lower quality outperformed again with commodity-based Sub-Saharan Africa names leading the way. Idiosyncratic stories in Turkey and Lebanon led those assets to underperform as the market grappled with geopolitical tensions. Corporates slightly underperformed their sovereign counterparts but did manage to outperform U.S. Treasuries by about 0.06%. High yield (HY) assets again outperformed with metals and mining and energy being the two best sectors. The theme of continued movement towards synchronized global growth while maintaining balance sheet discipline seemed to play very well in the market. Local currency assets continued their strong year but witnessed more volatility than recent quarters. Stories in Turkey, Mexico and South Africa dominated index returns, all underperforming dramatically in October, only to see Turkey and Mexico remain weak while South Africa aggressively rallied back.

## Fund Overview

USD sovereign exposure generated solid returns for the quarter with HY exposure driving relative performance. Exposure in Ecuador, Ukraine and Zambia all contributed as commodities continued to rally and Ukraine remains committed to International Monetary Fund led reforms. The portfolio remained underexposed in Brazilian and Russian sovereign assets due to a preference for corporates or local bonds, and both of those countries' external bonds performed well. Corporates were the best performing portion of the strategy. Brazil remained the driver of corporate outperformance as long end exposure in Braskem and Vale generated strong total returns. Small exposure in the Turkish financial space had a slight negative impact on returns. Local currency assets struggled overall. Exposure in Malaysia and Chile generated positive returns, as did security selection within Argentina and European foreign exchange forwards. These offset some volatility we saw in Turkey and South Africa, where we lacked enough exposure to capture the December rebound.

## Outlook

The theme has remained the same over the past 12 months and going into 2018 we see little to make us rethink our basis that emerging markets remains on solid footing. Logan Circle is biased more toward local currency assets at the current time based on expectations of better global growth dynamics and less attractive spread levels in higher quality HY assets within the U.S. dollar market. Logan Circle expects new issuance to be front-loaded given uncertainty around global rates and for portfolios to remain active in the primary and secondary markets. In local currency, Logan Circle remains constructive on the potential drivers for both currency and rate outperformance versus the U.S. market. Logan Circle will keep a close eye on Mexico and Brazil where the election cycle will be a major determinate in asset class performance and could cause opportunities to either add or reduce risk at both the asset class and security level.

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	<b>4.24%</b>
Class A – Unsubsidized	<b>4.24%</b>

## Fixed Income Statistics

Average Price	\$103.89
Average Maturity	8.98 years
Average Duration	4.88 years

Source: Logan Circle

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. 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.

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.

**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 1.15% and 0.82% for Class A and Class I shares, respectively. The net expense ratios for this fund are 1.15% and 0.82% 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.

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.

**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.**

**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](http://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. and distributed by Transamerica Capital, Inc.  
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## Top 10 Holdings

	% of Holdings
Brazil Notas do Tesouro Nacional, Series F, 10.00%, due 01/01/2027	2.01
Argentina Republic Government International Bond, 2.50%, due 12/31/2038	1.75
Malaysia Government Bond, 4.05%, due 09/30/2024	1.67
Russian Federation Federal Bond - OFZ, 7.05%, due 01/19/2028	1.62
Bonos de la Tesoreria de la Republica en pesos, 4.50%, due 03/01/2026	1.50
Brazil Notas do Tesouro Nacional, Series F, 10.00%, due 01/01/2025	1.49
Malaysia Government Bond, 3.58%, due 09/28/2018	1.48
Argentina Republic Government International Bond, 6.87%, due 04/22/2021	1.34
Russian Federation Federal Bond - OFZ, 7.70%, due 03/23/2033	1.30
Argentina Republic Government International Bond, 6.25%, due 11/09/2047	1.30
<b>Percentage of total portfolio</b>	<b>15.46</b>

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)	0.67	12.40	12.40	6.62	3.20	N/A	6.24
Class A (at POP)	-4.15	7.04	7.04	4.89	2.19	N/A	5.43
Class I (at NAV)	0.72	12.68	12.68	6.95	3.53	N/A	6.59
JPM EM Bond Index Global	0.79	9.59	9.59	6.92	3.80	N/A	-

\* Average Annual Total Return

## Calendar Year Performance (%)

	2017	2016	2015	2014	2013	2012	2011
Class A (at NAV)	12.40	12.74	-4.35	1.91	-5.25	26.11	N/A
Class I (at NAV)	12.68	13.20	-4.10	2.40	-5.06	26.58	N/A
JPM EM Bond Index Global	9.59	10.19	1.23	5.53	-6.58	18.54	N/A