

Transamerica Flexible Income

Class A IDITX | Class I TFXIX

Investment Objective

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

Sub-adviser

Aegon Asset Management US (Aegon AM US)



Portfolio Managers

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Product Profile

The fund invests, under normal circumstances, at least 80% of its net assets in fixed income securities.

- ➔ Combination of a global “top down” analysis and a “bottom up” fundamental analysis.
- ➔ In the qualitative “top down” approach, Aegon AM US analyzes various factors that affect the movement of markets and securities prices worldwide.
- ➔ In its “bottom up” analysis, Aegon AM US considers various fundamental and other factors, such as creditworthiness, capital structure, covenants, cash flows and, as applicable, collateral.

Fund Facts

Inception Date (A-I)	06/29/87 - 11/30/09
Benchmark Index	Bloomberg Barclays US Aggregate Bond Index
Morningstar Category	Intermediate-Term Bond
Lipper Category	Intermediate-Term Bond
Dividend Frequency	Monthly

Macroeconomic Overview

In the first quarter, investors contended with volatility in markets, as well as in policy and politics. President Trump’s pursuit of tariffs and substantive personnel changes among his advisors both spooked markets at multiple points over the first three months of the year. Markets got their first good look at the new U.S. Federal Reserve (Fed) Chairman in Jay Powell’s testimony to the House Financial Services and Senate Banking committees, though the degree to which his approach will have continuity with former Chair Yellen’s is yet to be determined. The Fed raised the target range for the federal funds rate by 0.25% to 1.50-1.75%, as expected. Along with raising interest rates, the Federal Open Market Committee (FOMC) also upped its gross domestic product expectations for 2018 & 2019. The long-end remained range-bound, as the yield curve bear-flattened to the tightest levels in a decade. Though, the curve did steepen a fair amount mid-quarter. The U.S. economy continued to grow at a modest pace and company leverage metrics recently showed signs of stabilizing. With credit spreads inside of their long-term historical average upside potential was limited, making credit selection quite important.

Fund Overview

Yield curve effects were the biggest contributor to active returns, though carry was also positive. Specifically, as rates rose across the curve, the Transamerica Flexible Income’s short duration positioning benefited. Investment grade corporate credit selection was the largest positive contributor to returns; the allocation to non-Agency residential mortgage-backed securities and high yield also contributed positively. U.S. Treasury exposures were the largest detractor followed by allocations to Agency mortgage-backed securities. By rating, Aegon AM US’s lower-quality bias was a positive contributor. An overweight to floating-rate product was also a positive contributor to the returns given the continued movement on the front end of the curve.

Outlook

This year, returns are likely to be more carry-driven than due to spread tightening. While Aegon AM US expects inflation to gradually move toward the Fed’s 2% target, runaway inflation pressures should remain structurally muted. The FOMC is likely to hike 1 or 2 more times in 2018. Aegon AM US intends to remain overweight spread-based products. Aegon AM US expects corporate bonds will likely regain their attractiveness in the remainder of 2018, given healthy macro backdrop and the positive knock-on effects of tax reform. Selectivity is key as merger and shareholder-friendly activity likely accelerates. Aegon AM US likes financials due to their stronger capital positions and prudential regulatory environment, as well as private label structured products, like esoteric asset-backed securities (e.g., time shares, collateralized loan obligations) which may benefit from strong property markets and a healthy consumer. While the supply-demand technicals had been price supportive, those conditions may be changing, and would require improving fundamentals to offset them.

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	3.13%
Class A – Unsubsidized	3.13%

Fixed Income Statistics

Average Price	\$99.98
Average Maturity	5.29 years
Average Duration	3.48 years

Source: Aegon AM US

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 0.97% and 0.67% for Class A and Class I shares, respectively. The net expense ratios for this fund are 0.97% and 0.67% 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 Bloomberg Barclays US Aggregate Bond Index (BB US Aggregate Bond 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 bond funds entails interest rate and credit risk as well as additional risks such as high-yield/high-risk bonds and is subject to greater levels of liquidity risk. These risks are described in more detail in the prospectus.

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 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. and distributed by Transamerica Capital, Inc.
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Top 10 Holdings

	% of Holdings
Federal National Mortgage Association, 3.50%, TBA	2.50
U.S. Treasury Bill, 1.39%, due 04/05/2018	1.78
U.S. Treasury Bond, 6.25%, due 05/15/2030	1.44
U.S. Treasury Note, 1.50%, due 08/15/2026	1.33
U.S. Treasury Inflation-Indexed Bond, 2.50%, due 01/15/2029	1.27
State of California, 7.95%, due 03/01/2036	0.97
U.S. Treasury Note, 1.62%, due 02/15/2026	0.88
BX Trust, Series 2017-SLCT, Class C, 3.17%, due 07/15/2034	0.88
Spirit Master Funding LLC, Series 2014-3A, Class A, 5.74%, due 03/20/2042	0.86
Centaur Funding Corp., Series B, 9.08%	0.80
Percentage of total portfolio	12.71

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)	-0.75	-0.75	2.49	2.53	2.78	5.15	6.10
Class A (at POP)	-5.43	-5.43	-2.37	0.89	1.79	4.64	5.93
Class I (at NAV)	-0.67	-0.67	2.71	2.82	3.06	N/A	5.72
BB US Aggregate Bond Index	-1.46	-1.46	1.20	1.20	1.82	3.63	-

* Average Annual Total Return

Calendar Year Performance (%)

	2017	2016	2015	2014	2013	2012	2011
Class A (at NAV)	4.92	5.71	-0.73	3.74	3.69	12.18	3.65
Class I (at NAV)	5.23	5.98	-0.44	4.01	3.96	12.55	3.92
BB US Aggregate Bond Index	3.54	2.65	0.55	5.97	-2.02	4.22	7.84