

# 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 USA Investment Management, LLC (AUIM)



## Portfolio Managers

Brian W. Westhoff, CFA  
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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, AUIM analyzes various factors that affect the movement of markets and securities prices worldwide.
- ➔ In its “bottom up” analysis, AUIM 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	Multisector Bond
Lipper Category	Multi-Sector Income
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

Politics and natural disasters ruled the headlines in third quarter, especially in August when North Korean nuclear tensions weighed on sentiment and instigated a flight-to-quality trade. Yet, with the global macro environment showing continued signs of improvement, investors eventually dismissed such risk-off events and instead focused on putting cash to work. Equities continued to set record highs as credit spreads pressed tighter. The long awaited proposal for tax reform was finally released which, if enacted and depending on final details, should be a net positive for financial markets and economic growth. Healthcare reform measures stalled. Strong supply/demand technicals drove corporate credit spreads modestly tighter despite an unusually active summer primary calendar. New issue supply remains ahead of last year’s record pace.

## Fund Overview

The third quarter’s performance was driven by carry and spread compression. Shifts in the yield curve added modestly. Positions in non-agency residential mortgage-backed securities (RMBS), U.S. Treasuries and high yield (HY) bonds made the most prevalent contributions. Notably, it was allocation decisions that drove returns—core overweight to HY and RMBS, and underweight U.S. Treasuries. Still, a core underweight to Agency residential mortgage-backed securities was the largest detractor from an asset class perspective. From a credit quality perspective, exposures B-rated bonds contributed most positively to active returns; AA credits contributed the least. At an industry level, banking, consumer cyclical, and electric utilities were the largest contributors. Consumer non-cyclical, basic industry, and insurance were the top detractors. AUIM favors carry in credit products, especially investment grade financials and structured products. Financials should benefit from limited event risk, solid credit metrics and lower funding requirements. Structured products can potentially provide solid carry and return prospects benefiting from a strong U.S. consumer and property markets. Select high yield and emerging markets credit can also potentially provide solid carry and return prospects.

## Outlook

The U.S. economy continues to grow at a modest pace, which is traditionally a good environment for spread-based fixed income. A synchronized global growth backdrop is raising the prospects for more a faster pace of monetary policy normalization. AUIM continues to see better risk-adjusted return prospects from corporate credit and structured products, than the traditionally more interest-rate sensitive government paper or longer-duration bonds. AUIM believes the global demand for yield will continue to be supportive for fixed income spread assets into year-end. Most spreads are rich relative to long-term historical averages. Even so, strong technicals are capable of driving spreads tighter, but given the advanced nature of the business cycle, selectivity is key.

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.**

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## Top 10 Holdings

	% of Holdings
Federal National Mortgage Association, 3.00%, TBA	2.49
U.S. Treasury Bill, 1.04%, due 10/12/2017	1.80
U.S. Treasury Note, 1.50%, due 08/15/2026	1.53
U.S. Treasury Inflation-Indexed Bond, 2.50%, due 01/15/2029	1.43
State of California, 7.95%, due 03/01/2036	1.12
U.S. Treasury Note, 1.62%, due 02/15/2026	1.02
BX Trust, Series 2017-SLCT, Class C, 2.63%, due 07/15/2034	0.98
Spirit Master Funding LLC, Series 2014-3A, Class A, 5.74%, due 03/20/2042	0.96
Centaur Funding Corp., Series B, 9.08%	0.93
Aviation Capital Group Corp., 7.12%, due 10/15/2020	0.93
<b>Percentage of total portfolio</b>	<b>13.19</b>

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

## Fixed Income Statistics

Average Price	\$102.12
Average Maturity	5.18 years
Average Duration	3.43 years

Source: AUIM

**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 0.93% and 0.67% for Class A and Class I shares, respectively. The net expense ratios for this fund are 0.93% and 0.67% 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.

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.

The Bloomberg Barclays U.S. Aggregate Bond Index (BB U.S. 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.

**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.  
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MQCFI1017

## Total Return Performance (%)

	3 Mo	YTD	1 Yr	3 Yr*	5 Yr*	10 Yr*	Inception*
Class A (at NAV)	1.26	4.63	3.82	3.26	3.80	5.02	6.22
Class A (at POP)	-3.51	-0.36	-1.15	1.60	2.80	4.50	6.05
Class I (at NAV)	1.34	4.86	4.12	3.55	4.08	5.09	5.76
BB U.S. Aggregate Bond Index	0.85	3.14	0.07	2.71	2.06	4.27	-

\* Average Annual Total Return

## Calendar Year Performance (%)

	2016	2015	2014	2013	2012	2011	2010
Class A (at NAV)	5.70	-0.73	3.74	3.69	12.18	3.65	12.46
Class I (at NAV)	5.97	-0.44	4.01	3.96	12.55	3.92	12.88
BB U.S. Aggregate Bond Index	2.65	0.55	5.97	-2.02	4.22	7.84	6.54

## Risk Measures\*

3 years

Alpha	1.79
Beta	0.48
R-Squared	35.00
Standard Deviation	2.32

\*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.

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.