

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

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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 U.S. 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

As the structural reform agenda stalled in Washington, DC, the deflation trade faded, West Texas Intermediate crude oil prices were down 15% in the second quarter, and the U.S. dollar continued weakening. Credit spreads were tight and valuations somewhat stretched, reflecting a broadly positive earnings season and a price supportive issuance environment. 10-year U.S. Treasury yields fell since March, reflecting soft inflation data. The Federal Reserve (Fed) moved forward with its second rate hike this year and signaled they would soon begin the process of reversing quantitative. The U.S. Treasury curve (2s10s) was flatter peak-to-trough, but steepened into quarter-end. While moderates prevailed in French and U.K. elections, geopolitical concerns in the Middle East and East Asia remained, though low volatility appeared to reflect complacency—equity markets in the U.S. continued to set all-time highs.

Fund Overview

Transamerica Flexible Income fund's quarter performance was largely attributable to spread tightening. Carry from coupons also benefited the portfolio. Curve and duration positioning was a slight detractor from performance, given the yield curve's move lower and flatter. The sub-adviser remained overweight corporate credit and structured securities. Overweighting high yield corporates and underweighting residential mortgage backed securities agency made the largest positive contributions. Investment grade corporates and commercial mortgage backed securities (CMBS) were the largest detractors given our underweight to long credit and longer CMBS, which benefited from the rate rally. From a credit quality perspective, underweighting AAA-rated securities was the largest positive contributor. Overweighting BB-and-CCC-rated paper also contributed.

Outlook

The Fed is proceeding with policy normalization and its balance sheet is likely to be smaller, though we don't expect another hike this year. The low level of rates, and the volatility of bond returns in the low interest rate environment, lead the sub-adviser to favor short duration. The emphasis will remain on earning carry from spread products, especially in investment grade corporate credit, structured credit, and high yield. Issuance is expected to slow in the second half of the year, which should enhance already supportive supply/demand technicals. The sub-adviser continue to prefer financials over industrials given the increased regulation in the former and the heightened leverage metrics witnessed in the latter. Additionally, private-label structured products should likely continue to produce solid carry and risk-adjusted returns.

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	2.47
U.S. Treasury Bill, 0.80%, due 07/13/2017	1.79
U.S. Treasury Note, 1.50%, due 08/15/2026	1.52
U.S. Treasury Inflation-Indexed Bond, 2.50%, due 01/15/2029	1.42
State of California, 7.95%, due 03/01/2036	1.13
U.S. Treasury Note, 2.00%, due 02/15/2025	1.05
U.S. Treasury Note, 1.62%, due 02/15/2026	1.01
Springleaf Finance Corp., 8.25%, due 12/15/2020	1.01
Spirit Master Funding LLC, Series 2014-3A, Class A, 5.74%, due 03/20/2042	0.96
Aviation Capital Group Corp., 7.12%, due 10/15/2020	0.93
Percentage of total portfolio	13.29

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	\$101.84
Average Maturity	5.40 years
Average Duration	3.55 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.

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. 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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Total Return Performance (%)

	3 Mo	YTD	1 Yr	3 Yr*	5 Yr*	10 Yr*	Inception*
Class A (at NAV)	1.70	3.33	4.81	2.67	4.35	4.86	6.23
Class A (at POP)	-3.12	-1.60	-0.17	1.01	3.34	4.35	6.06
Class I (at NAV)	1.67	3.47	5.09	2.95	4.63	4.90	5.76
BB U.S. Aggregate Bond Index	1.45	2.27	-0.31	2.48	2.21	4.48	-

* 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 Characteristics

3 years

	Portfolio
Alpha	1.27
Beta	0.52
R-Squared	38.20
Standard Deviation	2.45

*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.