TRANSAMERICA®

Quarterly Commentary | June 30, 2018

Transamerica Floating Rate

Class A TFLAX | Class I TFLIX

Investment Objective

The fund seeks to achieve a high level of current income with capital appreciation as a secondary objective.

Sub-adviser

Aegon USA Investment Management, LLC (AUIM)

AEGON Asset Management

Portfolio Managers

John F. Bailey, CFA
Jason P. Felderman, CFA
Zach Halstead
James K. Schaeffer, Jr.

Product Profile

The funds invests at least 80% of the net assets in floating rate loans or floating rate debt 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, collateral, and covenants.

Fund Facts

Inception Date (A-I)	10/31/13 - 10/31/13
Benchmark Index	Credit Suisse Leveraged Loan Index
Morningstar Category	Bank Loan
Lipper Category	Loan Participation
Dividend Frequency	Monthly

Macroeconomic Overview

Merger and acquisition deal activity was a driving force in the loan market during the quarter, with a quarterly record of $84.2 billion issued for merger and acquisition deals according to S&P Leveraged Commentary & Data. June was a particularly heavy month, with supply outpacing demand during the month, leading to a decline in secondary prices. That late quarter technical resulted in the Credit Suisse Leveraged Loan index being up only 0.78% during Q2, with a principal return of -0.65% and an interest return of 1.44%. Compared to Q1 2018, the secondary market experienced more two-way flow, especially as volatility returned in May and June. Late in the quarter, this dynamic helped the bargaining power return to investors, leading to higher spreads and deal terms on new issues. The recent string of U.S. Federal Reserve (Fed) hikes has lifted 3-month LIBOR to 2.34% at quarter-end. Retail flows were positive during the quarter and collateralized loan obligations (CLO) pricings were also strong at $36.1 billion, up slightly from 1Q. Year-to-date CLO issuance is up 30% from 2017 and CLOs are inching closer to making up 65% of the loan investor universe. Overall, defaults are expected to remain at or below long-term averages (~3%) for the next couple years. The default rate was 1.59% at the end of Q2.

Fund Overview

By sector, the top positive contributors included holdings in healthcare, transportation and media/telecom companies, primarily due to strong security selection. Exposures to forest products/containers, retail and food/tobacco were the top detractors from returns. Transamerica Floating Rate's lower-quality holdings (CCC and below) weighed on performance this quarter while other rating categories contributed favorably. The Fund remained overweight bonds and underweight loans, which slightly helped portfolio returns during the quarter as high yield was particularly more stable in June.

Outlook

The second half of 2018 is expected to be a coupon-clipping type return environment given already high loan prices and the lack of a known catalyst to cause major market disruption. After the price decline in May/June that was largely technical-supply driven, a slight price uptick could occur in Q3. AUIM continues to expect full-year returns to reach the 4.5% - 5.5% range. New issuance is not expected to be as robust in the second half of 2018, but volumes should still be reasonable given the healthy economy, merger & acquisition activity (including leveraged buyouts) and issuers looking to re-price. CLO issuance is expected to continue at a moderate pace as a broadening investor base (especially from Asia) and rising rates are supporting the CLO market's growth. Underwriting quality will likely continue to worsen as this bullish leg of business cycle extends. The bank loan market is seeing higher leverage at the secured level, fewer covenants and more earnings before interest, taxes, depreciation and amortization add-backs. With the economy continuing its modest expansion, there hasn't been much reckoning yet as cash flow coverage is strong, there is ample covenant headroom and few looming maturities in the market.

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30-Day SEC Yield

Class A – Subsidized	**4.04%**
Class A – Unsubsidized	**4.04%**

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
Tribune Media Co., Term Loan C, 5.09%, due 01/27/2024	0.70
Post Holdings, Inc., Series A, Term Loan, 4.10%, due 05/24/2024	0.69
Spectrum Brands, Inc., Term Loan B, 4.15%, due 06/23/2022	0.67
Xerium Technologies, Inc., 9.50%, due 08/15/2021	0.67
First Data Corp., Term Loan, 4.09%, due 07/08/2022	0.65
Realogy Group LLC / Realogy Co-Issuer Corp., 5.25%, due 12/01/2021	0.63
NEP/NCP Holdco, Inc., Term Loan, 5.34%, due 07/21/2022	0.63
Tempo Acquisition LLC, Term Loan, 5.09%, due 05/01/2024	0.63
William Morris Endeavor Entertainment LLC, 1st Lien Term Loan, 4.93%, due 05/18/2025	0.62
Xerox Business Services LLC, Term Loan B, TBD, due 12/07/2023	0.60
Percentage of total portfolio	6.49

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)	0.29	1.40	3.09	3.82	N/A	N/A	3.49
Class A (at POP)	-4.51	-3.46	-1.84	2.13	N/A	N/A	2.41
Class I (at NAV)	0.45	1.62	3.34	3.96	N/A	N/A	3.68
Credit Suisse Leveraged Loan Index	0.78	2.38	4.67	4.33	N/A	N/A	–

* Average Annual Total Return

Calendar Year Performance (%)

	2017	2016	2015	2014	2013	2012	2011
Class A (at NAV)	3.57	7.75	1.56	1.55	N/A	N/A	N/A
Class I (at NAV)	3.72	7.80	1.69	1.82	N/A	N/A	N/A
Credit Suisse Leveraged Loan Index	4.25	9.88	-0.39	2.06	N/A	N/A	N/A

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 1.09% and 0.86% for Class A and Class I shares, respectively. The net expense ratios for this fund are 1.06% and 0.81% 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 Credit Suisse Leveraged Loan 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.

Investing in high-yield bonds (junk bonds) may be subject to greater volatility and risks as the income derived from these securities is not guaranteed. 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.

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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