

Transamerica High Yield Bond

Class A IHYX | Class I TDHIX

Investment Objective

The fund seeks a high level of current income by investing in high-yield debt securities.

Sub-adviser

Aegon USA Investment Management, LLC (AUIM)



USA Investment Management, LLC

Portfolio Managers

Kevin Bakker, CFA
Benjamin D. Miller, CFA
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Product Profile

A high-yield fund that invests at least 80% of its net assets in high-yield bonds (commonly known as “junk bonds”)

- ➔ 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” approach, AUIM considers various fundamental and other factors, such as creditworthiness, capital structure, and, from a quantitative perspective, analyzes historical cash flows and financial data

Fund Facts

Inception Date (A-I)	06/14/85 - 11/30/09
Benchmark Index	Bloomberg Barclays US Corporate High Yield 2% Issuer Capped Index
Morningstar Category	High Yield Bond
Lipper Category	High Yield
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

In the fourth quarter, the high yield market returned a modest 47 basis points, according to the Bloomberg Barclays US Corporate High Yield 2% Issuer Capped Index, finishing off a year where total returns were 7.50%. Commodity prices, particularly crude oil, staged a confident rally over the quarter and energy was a top performing sector as a result. Metals remained firm as well; copper, aluminum, and iron ore all advanced. A growing dispersion of returns among sectors was a prominent theme into year-end with telecommunications being one of the poorest performing sectors. The prospect of higher interest rates hung over the market as the U.S. Federal Reserve effected three hikes over the year, leading to pressure on higher-quality paper toward the end of the quarter as the 10-year U.S. Treasury yield moved up to approximately the same level where it began the year. Tax reform had substantive implications for the high yield market. While changes to the interest deductibility rules may hamper the higher-levered, lower-quality credits, firms are likely to benefit from lower overall tax rates and capex expensing rules. The supply-demand technicals were reasonably balanced even as outflows over the quarter led to only the ninth net outflow year since 1984. Earnings season was largely positive and default rates continued to trend lower.

Fund Overview

From the sector perspective, security selection was the driving factor in the quarter's performance. Contributing positively were positions in the consumer cyclical, communications (where an underweight to the index avoided one of the worst performing sectors), and basic industry. Consumer non-cyclical, transportation, and capital goods were the top detractors. Based on ratings, B exposures were the top contributors to the fund's performance, while the lowest-quality CCC paper was the top detractor.

Outlook

Overall, AUIM remains constructive on high yield market fundamentals and believes that amid historically tight spreads, this foundation will lead to positive, but low returns (4%-6%) in what they anticipate will be a rising rate environment. AUIM continues to look for idiosyncratic opportunities where it believes the market has pushed bond prices down to attractive levels. AUIM believes some of these oversold situations can have a meaningfully positive impact to total returns in 2018 and offset some of the negative influence from rising rates.

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	4.57%
Class A – Unsubsidized	4.57%

Fixed Income Statistics

Average Price	\$102.23
Average Maturity	5.31 years
Average Duration	3.38 years

Source: AUIM

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 1.02% and 0.73% for Class A and Class I shares, respectively. The net expense ratios for this fund are 1.02% and 0.73% 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 Bloomberg Barclays US Corporate High Yield 2% Issuer Capped 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 high-yield bond funds (junk bonds) may be subject to greater volatility and risks as the income derived from these securities is not guaranteed and may be unpredictable and the value of these securities tends to decline when interest rates increase.

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
Associated Materials LLC / AMH New Finance, Inc., 9.00%, due 01/01/2024	1.13
Scientific Games International, Inc., 10.00%, due 12/01/2022	1.10
GMAC Capital Trust I, Series 2, 7.20%	1.02
CenturyLink, Inc., 7.65%, due 03/15/2042	0.91
Hughes Satellite Systems Corp., 7.62%, due 06/15/2021	0.87
HCA Healthcare, Inc., 6.25%, due 02/15/2021	0.77
Valeant Pharmaceuticals International, Inc., 5.87%, due 05/15/2023	0.75
Clear Channel Worldwide Holdings, Inc., 7.62%, due 03/15/2020	0.74
HCA, Inc., 7.50%, due 02/15/2022	0.72
Ashton Woods USA LLC / Ashton Woods Finance Co., 6.87%, due 02/15/2021	0.67
Percentage of total portfolio	8.68

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)	0.22	6.89	6.89	5.17	5.03	7.44	7.96
Class A (at POP)	-4.58	1.86	1.86	3.46	4.02	6.92	7.79
Class I (as NAV)	0.19	7.09	7.09	5.45	5.28	N/A	7.89
Bloomberg Barclays US Corporate High Yield 2% Issuer Capped Index	0.47	7.50	7.50	6.36	5.78	8.09	–

* Average Annual Total Return

Calendar Year Performance (%)

	2017	2016	2015	2014	2013	2012	2011
Class A (at NAV)	6.89	14.15	-4.66	3.43	6.22	16.99	3.93
Class I (at NAV)	7.09	14.51	-4.39	3.66	6.43	17.34	4.33
Bloomberg Barclays US Corporate High Yield 2% Issuer Capped Index	7.50	17.13	-4.43	2.46	7.44	15.78	4.96