

Transamerica Short-Term Bond

Class A ITAAX | Class I TSTIX

Investment Objective

The fund seeks a high level of income consistent with minimal fluctuation in principal value and liquidity.

Sub-adviser

Aegon Asset Management US (Aegon AM US)



Portfolio Managers

Norbert King
 Glen Kneeland
 Tyler A. Knight, CFA
 Doug Weih, CFA
 Brian W. Westhoff, CFA

Product Profile

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

- ➔ Corporate debt securities of U.S. issuers
- ➔ Debt securities of foreign issuers that are denominated in U.S. dollars, including foreign corporate issuers and foreign governments
- ➔ Obligations issued or guaranteed by the U.S. government, its agencies and instrumentalities
- ➔ Asset-backed securities and mortgage-backed securities, including commercial mortgage-backed securities
- ➔ Bank loans

Fund Facts

Inception Date (A-I)	11/01/07 - 11/30/09
Benchmark Index	BofA Merrill Lynch U.S. Corporate & Government 1-3 Years Index
Morningstar Category	Short-Term Bond
Lipper Category	Short-Intermediate Investment Grade Debt
Dividend Frequency	Monthly

Macroeconomic Overview

As expected in March, the U.S. Federal Reserve (Fed) raised the target range for the federal funds rate by 25 basis points, to 1.50-1.75%. Along with raising interest rates, the Federal Open Market Committee (FOMC) also upped its gross domestic product expectations for 2018 and 2019. Overall, the front end of the yield curve continues repricing as the Fed remains confident in steady economic growth and is signaling further rate hikes amid surging U.S. Treasury supply to accommodate the widening fiscal deficit. At the same time, the Fed's balance sheet runoff means a large buyer is stepping away from the market, pressuring prices lower and yields higher. However, 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 2-year U.S. Treasury note yield moved some 0.39% to 2.27% over the quarter while the 10-year U.S. Treasury yield was only 0.34% higher. London Interbank Offered Rate and Overnight Indexed Swap spreads, usually a measure of stress in bank funding markets, widened notably, but for technical reasons. Globally, the difference in central bank policy is quite apparent, particularly in the record wide 2.92% spread at the 2-year point of the German and U.S. sovereign bond curves.

Fund Overview

Coupon carry was the primary driver of excess returns during the quarter, with the largest contributions coming from investment grade corporate bonds, commercial mortgage-backed securities and asset-backed securities. Curve effects also contributed positively given underweight positioning in the 1 to 2 year part of the curve. Allocations to commercial mortgage-backed securities and asset-backed securities were positives, but widening credit spreads in investment grade corporates during the quarter were a detractor. At the ratings level, the largest contributions came from AA-rated and A-rated paper, while BBB-rated bonds detracted.

Outlook

Aegon AM US's outlook remains mostly intact from the start of the year. Spread-based fixed income are still preferred to the more interest-rates sensitive government bond sectors. Corporate bonds remain relatively attractive given health macro backdrop and the potential for deleveraging based on a reduced incentive to lever after tax reform. Selectivity remains key as mergers, acquisitions and other shareholder-friendly activity likely accelerate. Aegon AM US will look for opportunity in financials, where healthy capitalization and leverage levels promote more stability. Overall, returns are likely to be driven by carry, rather than by spread tightening. Aegon AM US prefers private-label structured products, which benefit from stable property-market fundamentals and a healthy consumer. Esoteric asset-backed securities are also likely to be sources of value, like time shares and collateralized loan obligations, for example. Single-borrower commercial mortgage-backed securities may benefit from their floating rate structures. Supply-demand technicals remain price supportive, but net issuance is expected to be slightly positive this year after several years of being negative.

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.

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.

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.

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 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	2.24%
Class A – Unsubsidized	2.24%

Fixed Income Statistics

Average Price	\$100.62
Average Maturity	2.29 years
Average Duration	1.50 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 2.50%. Performance for other share classes will vary.

The gross expense ratios for this fund are 0.84% and 0.64% for Class A and Class I shares, respectively. The net expense ratios for this fund are 0.84% and 0.64% 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 BofA Merrill Lynch U.S. Corporate & Government 1-3 Years 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.

The fund is subject to a variety of risks, including credit risk, inflation risk, interest rate risk, prepayment risk, and liquidity risk. Additional risks include investing in foreign markets and non-investment grade securities. Changes in interest rates, the market's perception of the issuers and the creditworthiness of the issuers may significantly affect the value of the fund.

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.
1801 California St. Suite 5200, Denver, CO 80202
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Top 10 Holdings

	% of Holdings
DTE Gas Co., 5.00%, due 10/01/2019	0.93
UBS Group Funding Switzerland AG, 3.72%, due 09/24/2020	0.85
Dow Chemical Co., 8.55%, due 05/15/2019	0.82
Cooperatieve Rabobank UA, 11.00%, due 06/30/2019	0.82
Wells Fargo Bank NA, 2.60%, due 01/15/2021	0.80
Government Properties Income Trust, 3.75%, due 08/15/2019	0.79
Bank of America Corp., Series MTN, 2.62%, due 04/19/2021	0.77
International Lease Finance Corp., 8.25%, due 12/15/2020	0.76
Regions Bank, 7.50%, due 05/15/2018	0.74
Royal Bank of Scotland Group PLC, 6.40%, due 10/21/2019	0.74
Percentage of total portfolio	8.02

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)	-0.38	-0.38	0.97	1.42	1.53	3.47	3.42
Class A (at POP)	-2.86	-2.86	-1.54	0.58	1.02	3.21	3.17
Class I (at NAV)	-0.24	-0.24	1.26	1.65	1.76	N/A	2.98
BofA Merrill Lynch U.S. Corporate & Government 1-3 Years Index	-0.19	-0.19	0.27	0.67	0.77	1.57	–

* Average Annual Total Return

Calendar Year Performance (%)

	2017	2016	2015	2014	2013	2012	2011
Class A (at NAV)	2.18	2.90	0.30	1.37	2.20	6.55	1.85
Class I (at NAV)	2.29	3.23	0.48	1.58	2.40	6.82	2.01
BofA Merrill Lynch U.S. Corporate & Government 1-3 Years Index	0.85	1.28	0.67	0.78	0.70	1.48	1.56