

# 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 USA Investment Management, LLC (AUIM)



## Portfolio Managers

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

## 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

**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

Risk assets and spreads products performed well, largely driven by a price-supportive supply/demand technical environment. AUIM remained positive on the fundamentals in the U.S. consumer and property markets, with continued positions in asset-backed securities (ABS), commercial mortgage-backed securities (CMBS), and non-agency residential mortgage-backed securities (RMBS). Exposure to these sectors has potential to enhance credit quality, provide diversification, add carry, and generally lower interest rate risk. AUIM also continued to be optimistic about financials and utilities. Financials generally benefit from rising short-term rates and have stronger balance sheets since the credit crisis.

## Fund Overview

The strategy retained its bias toward spread products over the quarter. The largest active contributions to returns came from coupons and spread compression, although curve effects were also positive contributors to active returns, notably from a concerted underweight positioning in the front-end. While a near-zero-weighting in U.S. Treasuries was an advantage, positions in investment grade paper combined with off-index exposures to structured securities (ABS, CMBS, and RMBS non-agency) were the largest contributors to returns. In general, the sub-advisor remained overweight corporate credit and structured securities. From a ratings perspective, higher-quality credit exposures were the largest positive contributors to returns.

## Outlook

The U.S. Federal Reserve is proceeding with monetary policy normalization, albeit gradually, and its balance sheet will be smaller. AUIM's emphasis will remain on seeking carry from spread products, especially in investment grade corporate credit, structured credit, and high yield. The low level of rates, and the volatility of bond returns in the low interest rate environment, led AUIM to favor short duration positions. AUIM expects returns to be driven more by carry than by spread tightening, so credit and relative value analysis are paramount.

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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## Top 10 Holdings

	% of Holdings
DTE Gas Co., 5.00%, due 10/01/2019	0.94
Dow Chemical Co., 8.55%, due 05/15/2019	0.85
Cooperatieve Rabobank UA, 11.00%, due 06/30/2019	0.84
UBS Group Funding Switzerland AG, 2.76%, due 09/24/2020	0.84
International Lease Finance Corp., 8.25%, due 12/15/2020	0.80
Government Properties Income Trust, 3.75%, due 08/15/2019	0.79
American Tower Trust #1, Series 2013-1A, Class 1A, 1.55%, due 03/15/2043	0.78
Bank of America Corp., Series MTN, 2.62%, due 04/19/2021	0.78
Regions Bank, 7.50%, due 05/15/2018	0.76
Entergy Texas, Inc., 7.12%, due 02/01/2019	0.75
<b>Percentage of total portfolio</b>	<b>8.13</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	\$97.94
Average Maturity	2.38 years
Average Duration	1.67 years

Source: AUIM

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.

**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 0.85% and 0.64% for Class A and Class I shares, respectively. The net expense ratios for this fund are 0.85% and 0.64% 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 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.

**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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MQCSTB1017

## Total Return Performance (%)

	3 Mo	YTD	1 Yr	3 Yr*	5 Yr*	10 Yr*	Inception*
Class A (at NAV)	0.59	2.11	2.02	1.71	1.97	N/A	3.63
Class A (at POP)	-1.90	-0.44	-0.51	0.84	1.45	N/A	3.36
Class I (at NAV)	0.65	2.17	2.12	1.92	2.17	3.76	3.47
BofA Merrill Lynch U.S. Corporate & Government 1-3 Years Index	0.34	1.04	0.65	1.04	0.93	N/A	-

\* Average Annual Total Return

## Calendar Year Performance (%)

	2016	2015	2014	2013	2012	2011	2010
Class A (at NAV)	2.90	0.30	1.37	2.20	6.55	1.85	6.09
Class I (at NAV)	3.23	0.48	1.58	2.40	6.82	2.01	6.32
BofA Merrill Lynch U.S. Corporate & Government 1-3 Years Index	1.28	0.67	0.78	0.70	1.48	1.56	2.82

## Risk Measures\*

3 years

Alpha	0.94
Beta	0.62
R-Squared	23.30
Standard Deviation	0.97

\*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 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.