

Transamerica Strategic High Income

Class A TASHX | Class I TSHIX

Investment Objective

The fund seeks current income while providing long-term capital appreciation.

Sub-adviser

Thompson, Siegel & Walmsley LLC (TSW)



Portfolio Managers

William M. Bellamy, CFA

Product Profile

The fund deploys an active strategy that seeks to invest in a range of securities, including U.S. stocks, preferred stocks, and income producing credit securities

- ➔ Securities selected through a bottom-up, fundamental investment approach
- ➔ Debt holdings primarily consist of high yield bonds
- ➔ May invest up to 25% of its assets in foreign securities

Fund Facts

Inception Date (A-I)	03/01/14 - 03/01/14
Benchmark Index	S&P 500®, Transamerica Strategic High Income Blended Benchmark
Morningstar Category	Allocation--30% to 50% Equity
Lipper Category	Flexible Portfolio
Dividend Frequency	Quarterly

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

Equity markets continued to trend higher in a relatively quiet quarter, in part aided by continued accommodative global monetary policies. The U.S. was hit by three large hurricanes; Harvey, Irma, and Maria, impacting individual company performance, but had minimal impact to the broader market. From an equity style perspective, relative underperformance of value stocks may be turning a corner. After underperforming growth stocks significantly from year-end through August, value stocks outperformed in September. Within fixed income, high yield spreads continued to grind tighter as default rates declined toward 1.0%, significantly lower than the 25-year average of 2.95%. TSW believes the credit market remains attractively valued with spreads in line with long-term historical averages as balance sheets remain quite strong outside of the energy, basic materials, and retail sectors. TSW expects equities to modestly outperform high yield and preferred stocks in 2017. The fund is invested in a diversified mix of securities which provide an attractive risk vs. reward profile. TSW continues to look for opportunities to increase portfolio quality without sacrificing yield during times of higher volatility. The fund should outperform in down to modestly positive equity markets and underperform when equity returns exceed 15% in a given year.

Fund Overview

Transamerica Strategic High Income underperformed the S&P 500® during the third quarter of 2017, but achieved the stated income objective of the diversified portfolio. Within equities, TSW's largest detractor came from security selection in the producer durables and consumer discretionary sectors. Underperforming securities included Regal Entertainment Group, Class A (0.77% as of 9/30/17) which declined significantly as industry wide box-office attendance fell and premium video on demand rumors circulated. Foot Locker, Inc. (0.13% as of 9/30/17) which posted negative same store sales and reduced guidance, also underperformed during the quarter. Security selection in both health care and consumer staples aided performance. Specifically, AbbVie, Inc., Class G advanced after receiving protection of a patent on its primary drug, and Gilead Sciences, Inc. (1.08% as of 9/30/17) announced an acquisition which was viewed favorably. Two salmon fishery holdings, Marine Harvest ASA and Austevoll Seafood (not held of 9/30/17), rebounded as salmon pricing continued to increase. TSW's high yield bond and preferred stock allocations modestly weighed on fund performance as neither asset class kept pace with equities. At the end of the 3rd quarter, the portfolio had the following allocation: 52.2% common equity, 41.7% high yield corporate bonds, 5.7% preferred stock, and 0.5% cash. The portfolio is structured to help provide downside protection with a significant yield premium to the S&P 500®, while also participating in the long-term appreciation of the equity market.

Outlook

TSW expects moderate returns in both equities and credit in 2017, with equities outperforming credit. Outside of the energy, basic materials, and retail sectors, balance sheets remain quite strong. The fund is invested in a diversified mix of high yield bonds, preferred and common equity securities in companies with strong cash flows and solid balance sheets. TSW continues to look for opportunities to increase portfolio quality without sacrificing yield. The importance of security selection during these times increases and tends to favor fundamental managers versus passive strategies.

Contributors*

Leading Contributors	Weight (%)	Return (%)	Contribution (%)
Wells Fargo & Co.	1.34	30.47	0.41
MetLife, Inc.	1.33	22.32	0.38
Prudential Financial, Inc.	1.38	28.35	0.37

Detractors*

Leading Detractors	Weight (%)	Return (%)	Contribution (%)
Wal-Mart de Mexico SAB de CV	0.75	-15.44	-0.43
Las Vegas Sands Corp.	0.91	-11.28	-0.34
National Grid PLC, ADR	1.13	-16.64	-0.29

*Source: Morningstar Direct

**Not insured by FDIC or any federal government agency. May lose value.
Not a deposit or guaranteed by any bank, bank affiliate, or credit union.**

Transamerica Strategic High Income

Class A TASHX | Class I TSHIX

Top 10 Holdings

	% of Holdings
Microsoft Corp.	2.49
Apple, Inc.	2.46
Wal-Mart de Mexico SAB de CV	2.34
AbbVie, Inc., Class G	2.31
Macquarie Infrastructure Corp.	1.99
Alphabet, Inc., Class C	1.92
Blackstone Mortgage Trust, Inc., Class A, REIT	1.84
Marine Harvest ASA	1.84
Starwood Property Trust, Inc., REIT	1.78
Cisco Systems, Inc.	1.75
Percentage of total portfolio	20.72

Holdings are subject to change and are not recommendations to buy or sell a security. Holdings excludes net other assets (liabilities).

Equity Statistics

Median Market Cap	\$55.12 (B)
Weighted Average Market Cap	\$185.00 (B)

B = Billions

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.

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 5.50%. Performance for other share classes will vary.

The gross expense ratios for this fund are 1.21% and 1.01% for Class A and Class I shares, respectively. The net expense ratios for this fund are 1.20% and 0.95% 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 S&P 500® and the Transamerica Strategic High Income Blended Benchmark (60% S&P 500® and 40% BofA Merrill Lynch U.S. High Yield BB-B Rated Constrained Index) are unmanaged indices used as general measures 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 price of equity securities fluctuates based on changes in a company's financial condition and overall market and economic conditions. If the market prices of the equity securities owned by the fund fall, the value of the fund will decline. Fixed income investing is subject to credit risk, inflation risk, and interest rate risk. Investing in high-yield securities 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 increases. Preferred stock tends to vary more with fluctuations in the underlying common stock and less with fluctuations in interest rates and tends to exhibit greater volatility.

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.
1801 California St. Suite 5200, Denver, CO 80202
MQCSHI1017

Total Return Performance (%)

	3 Mo	YTD	1 Yr	3 Yr*	5 Yr	10 Yr	Inception*
Class A (at NAV)	2.62	8.84	10.77	6.25	N/A	N/A	6.26
Class A (at POP)	-3.04	2.90	4.65	4.27	N/A	N/A	4.61
Class I (at NAV)	2.79	9.16	11.09	6.53	N/A	N/A	6.54
S&P 500®	4.48	14.24	18.61	10.81	N/A	N/A	-
Transamerica Strategic High Income Blended Benchmark	3.45	11.11	14.24	8.85	N/A	N/A	-

* Average Annual Total Return

Calendar Year Performance (%)

	2016	2015	2014	2013	2012	2011	2010
Class A (at NAV)	9.11	-0.81	N/A	N/A	N/A	N/A	N/A
Class I (at NAV)	9.42	-0.66	N/A	N/A	N/A	N/A	N/A
S&P 500®	11.96	1.38	N/A	N/A	N/A	N/A	N/A
Transamerica Strategic High Income Blended Benchmark	13.14	-0.20	N/A	N/A	N/A	N/A	N/A

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.

Risk Measures*

3 years

Alpha	-0.29
Beta	0.73
R-Squared	94.00
Standard Deviation	5.71

*Risk measures are in comparison to the fund's blended 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.