

Transamerica Intermediate Bond

Class R4 TMBFX

Investment Objective

The fund seeks to achieve maximum total return.

Sub-adviser

Aegon USA Investment Management, LLC (AUIM)



Portfolio Managers

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Product Profile

Seeks to achieve maximum total return.

- ➔ 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, covenants, cash flows and, as applicable, collateral.

Fund Facts

Inception Date	09/11/00
Benchmark Index	Bloomberg Barclays US Aggregate Bond Index
Morningstar Category	Intermediate-Term Bond
Lipper Category	Core Bond
Dividend Frequency	Monthly

Macroeconomic Overview

Policy and politics remained center stage in the third quarter. Protectionist and retaliatory trade rhetoric has intensified globally, which if continued could increase uncertainty and undermine solid economic progress in the U.S. An eleventh hour resolution to the North American Free Trade Agreement (NAFTA) provided a brief respite to trade tensions. However, caution remains as the potential effect of current agreements, yet to be ratified into law, are relatively unknown. Risks around trade policy are still a concern for the U.S. Federal Reserve (Fed), even as they stayed the course on normalizing rates. The Fed hiked once more in September as expected, and market expectations increased to four hikes for 2018 as of quarter-end. Supported by broadly positive data on economic activity and strong earnings, U.S. equities, high grade and high yield bonds had their best quarter this year. Higher returns and lower volatility increased their risk-return profiles, a phenomenon that is broadly in line within a flattening yield curve environment. Despite lower overall volatility, U.S. Treasury returns were negative for the third quarter as the 10-year U.S. Treasury yield settled higher. The front end of the yield curve continued to reprice as the Fed remained confident in its outlook for steady economic growth and signaled further rate hikes amid increasing U.S. Treasury supply. The 2-year U.S. Treasury yield settled roughly 0.27% higher in the third quarter, and the spread between the 2- and 10-year U.S. Treasuries ended the quarter narrower still.

Fund Overview

In the third quarter, curve effects were the largest positive contributor to active returns given the portfolio's slightly short duration positioning as rates rose across the curve. Transamerica Intermediate Bond positioning across the curve, particularly an underweight on the short end, also contributed positively as the curve flattened slightly during the quarter. Carry and spread effects also contributed positively to excess returns for the quarter, but to a lesser degree. From an asset class perspective, the overweight positioning in investment grade corporate bonds and commercial mortgage-backed securities were positives for excess returns while security selection in emerging markets debt and agency mortgage-backed securities was a detractor.

Outlook

AUIM expects returns through the remainder of this year to be more carry-driven than due to spread tightening. Inflation is expected to stay around the Fed's 2% target in the medium-term as runaway inflation pressures should remain structurally muted. With the third rate hike effective in September, AUIM is anticipating the Federal Open Market Committee will raise rates once more in 2018, though they view a fourth hike in 2018 as potentially starting to take rates into restrictive territory. AUIM intends to remain overweight spread-based products, including corporate bonds, given the continued healthy macro backdrop. Selectivity is key as merger and shareholder-friendly activity likely continues. AUIM continues to like financials due to their stronger capital positions and prudential regulatory environment, as well as private label structured products, like asset-backed securities (e.g., timeshares, collateralized loan obligations) which may benefit from stable property markets and a healthy consumer.

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Top 10 Holdings

	% of Holdings
Federal National Mortgage Association, 3.00%, TBA	3.82
Federal National Mortgage Association, 3.50%, TBA	3.50
Federal National Mortgage Association, 3.00%, TBA	1.96
U.S. Treasury Note, 2.50%, due 08/15/2023	1.80
U.S. Treasury Note, 2.87%, due 05/15/2028	1.64
U.S. Treasury Note, 1.00%, due 11/30/2019	1.63
U.S. Treasury Bill, 1.95%, due 10/04/2018	1.60
U.S. Treasury Bond, 3.62%, due 02/15/2044	1.47
U.S. Treasury Bond, 4.50%, due 02/15/2036	1.40
Federal National Mortgage Association, 4.00%, TBA	1.30
Percentage of total portfolio	20.12

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	\$100.11
Average Maturity	8.23 years
Average Duration	5.79 years

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.

Source: AUIM

Net asset value (NAV) returns include reinvestment of dividends and capital gains but do not reflect the deduction of any sales charges. There are no sales charges for Class R4 shares. Class R shares are available only to eligible retirement plans

The gross expense ratio for this fund is 0.67% for Class R4 shares. The net expense ratio for this fund is 0.65% for Class R4 shares. 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 Bloomberg Barclays US Aggregate Bond 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.

Any U.S. government guarantees of the securities held in this investment fund pertain only to those securities and not the fund or its yield. The values of bonds change in response to changes in economic conditions, interest rates, and the creditworthiness of individual issuers. The value of bonds and bond funds generally falls when interest rates rise, causing an investor to lose money upon sale or redemption.

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. (TAM) and distributed by Transamerica Capital, Inc. (TCI) member of FINRA.

AUIM is an affiliate of Aegon companies. Transamerica companies are part of the Aegon group.

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Total Return Performance (%)

	3 Mo	YTD	1 Yr	3 Yr*	5 Yr*	10 Yr*	Inception*
Class R4 (at NAV)	0.16	-1.85	-1.39	1.60	2.37	4.54	4.59
Bloomberg Barclays US Aggregate Bond Index	0.02	-1.60	-1.22	1.31	2.16	3.77	-

Calendar Year Performance (%)

	2017	2016	2015	2014	2013	2012	2011
Class R4 (at NAV)	4.04	3.21	0.21	5.99	-1.22	7.97	5.94
Bloomberg Barclays US Aggregate Bond Index	3.54	2.65	0.55	5.97	-2.02	4.22	7.84

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.

The fund acquired the assets and assumed the liabilities of three Transamerica Partners funds, including Transamerica Partners Institutional Core Bond (the "predecessor fund"), on March 24, 2017, and the predecessor fund is the accounting and performance survivor of the reorganizations. This means that the predecessor fund's financial and performance history became the financial and performance history of the fund. In the reorganization of the predecessor fund, former shareholders of the predecessor fund received Class R4 shares of the fund. The performance of Class R4 shares includes the performance of the predecessor fund prior to the reorganizations, and has not been restated to reflect the estimated annual operating expenses of Class R4 shares.