

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

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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	ICE BofAML 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

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, coupon carry was the largest driver of positive excess returns for the quarter, with the largest contributions coming from investment grade corporate bonds, commercial mortgage-backed securities and asset-backed securities. Credit spread tightening, mainly within BBB-rated corporate bonds, also contributed positively to excess returns. Transamerica Short Term Bond's slightly short duration positioning also benefited relative returns as rates moved higher across the curve during the quarter. Within corporate bonds, banking, financial services and healthcare sectors contributed the most to relative returns while automotive and services contributed the least.

Outlook

AUIM's outlook has remained relatively stable throughout the year. Spread-based fixed income assets are still preferred over more interest-rates sensitive government bond sectors. Corporate bonds continue to remain relatively attractive given the healthy macro backdrop, however selectivity remains key as mergers, acquisitions and other shareholder-friendly activity continues. AUIM continues to look for opportunities in financials, where healthy capitalization and leverage levels promote more stability. Through the remainder of the year, AUIM expects returns to be largely driven by carry rather than spread tightening. Private-label structured products benefiting from stable property-market fundamentals and a healthy consumer continue to be preferred investments, along with certain asset-backed securities like timeshares and collateralized loan obligations.

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.

**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	2.57%
Class A – Unsubsidized	2.57%

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. Be advised that the 30-Day SEC Yield calculation does not account for return of capital. Please refer to the most recent Annual Report for additional information regarding the composition of distributions. 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.

Fixed Income Statistics

Average Price	\$100.10
Average Maturity	2.45 years
Average Duration	1.61 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.

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 ICE BofAML 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. (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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Top 10 Holdings

	% of Holdings
DTE Gas Co., 5.00%, due 10/01/2019	0.98
Dow Chemical Co., 8.55%, due 05/15/2019	0.86
Government Properties Income Trust, 3.75%, due 08/15/2019	0.85
International Lease Finance Corp., 8.25%, due 12/15/2020	0.81
First Tennessee Bank NA, 2.95%, due 12/01/2019	0.79
Entergy Texas, Inc., 7.12%, due 02/01/2019	0.77
UBS AG, 2.20%, due 06/08/2020	0.73
US Bank NA, 2.12%, due 10/28/2019	0.72
OMX Timber Finance Investments I LLC, 5.42%, due 01/29/2020	0.69
Credit Suisse Group AG, 3.57%, due 06/12/2024	0.67
Percentage of total portfolio	7.87

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)	0.60	0.60	0.67	1.76	1.61	3.57	3.36
Class A (at POP)	-1.93	-1.90	-1.83	0.91	1.10	3.31	3.11
Class I (at NAV)	0.65	0.74	0.85	1.93	1.82	N/A	2.92
ICE BofAML U.S. Corporate & Government 1-3 Years Index	0.35	0.46	0.27	0.74	0.85	1.68	–

* 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
ICE BofAML U.S. Corporate & Government 1-3 Years Index	0.85	1.28	0.67	0.78	0.70	1.48	1.56