

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

Macroeconomic Overview

The S&P 500® advanced 7.71% during the third quarter of 2018. Domestically, the U.S. continue to receive solid economic figures. Despite the economic cycle entering its 10th year, inflation (though trending higher) remains contained, interest rates are not yet restrictive, and wage growth thus far has been gradual – all suggesting the cycle has yet to peak. Additionally, unemployment remains below 4% and consumer confidence remains strong. Trade wars and tariffs took center stage on the geopolitical front during the quarter. TSW expects trade-related headlines will continue to contribute to volatility for the rest of the year. Markets benefitted from a continued high investor risk appetite. For example, the S&P 500® posted a robust 7.71% in the third quarter. Similar to the first half of 2018, high yield remained the best performing domestic fixed income sector with the ICE BofA Merrill Lynch U.S. High Yield index returned 2.44% for the quarter and the ICE BofA Merrill Lynch U.S. Preferred index returned 0.19%. Within high yield, high-quality lagged lower-quality as CCC rated bonds continued to outperform both B and BB bonds. Within credit, TSW believes fundamental analysis and security selection will be a key driver of returns over the next 6-12 months. TSW continues to leverage their strength in fundamental analysis and remain diligent in performing bottom-up analysis on each bond in the portfolio. TSW's ability to be nimble and flexible in an ever-changing market allows them to take advantage of any dislocations that may develop.

Fund Overview

Although Transamerica Strategic High Income trailed the S&P 500® index during the quarter, it achieved its stated income objective with a return of 4.38%. The Fund's allocation to preferred stock and high yield credit hindered relative performance. Stock selection in technology and consumer staples were the top contributors to relative return for the quarter. Within the technology sector, the best performing individual securities were QUALCOMM Inc. (0.88% as of 9/30/18) and Corning Inc. (0.43%). QUALCOMM, Inc. benefitted from strong earnings and saw its deal to acquire NXPI (0.00%) blocked by Chinese regulators, which allowed the company to return capital to shareholders. Corning Inc. reported better than expected earnings and guidance on strength across all segments. Stock selection in health care and consumer discretionary were the top detractors from relative return. AbbVie, Inc. was the primary laggard in health care primarily due to expected generic competition for its primary drug Humira. In consumer discretionary, the top detractor was Las Vegas Sands Corp. (0.67%), whose stock fell after lower than estimated casino revenue in Macau. TSW remains confident in the long-term prospects of both companies. From a positioning standpoint, the Fund had approximately 47% allocated to common equity, 49% to high yield credit and 4% to preferred stock.

Outlook

For the remainder of 2018, TSW expects moderate returns in both equities and credit supported by continued growth in corporate earnings. TSW will seek out opportunities to increase portfolio quality without sacrificing yield and total return. Given TSW's belief the economy has yet to peak, the economic backdrop remains positive for 'risk-on' sectors such as equity and high yield, contingent on the U.S. Federal Reserve not becoming overly restrictive.

Transamerica Strategic High Income

Class A TASHX | Class I TSHIX

Top 10 Holdings

	% of Holdings
Apple, Inc.	2.96
Microsoft Corp.	2.71
AbbVie, Inc.	2.02
Alphabet, Inc., Class C	1.89
JPMorgan Chase & Co.	1.88
Marine Harvest ASA	1.41
Enviva Partners, LP / Enviva Partners Finance Corp., 8.50%, due 11/01/2021	1.27
Home Depot, Inc.	1.26
Service Corp. International, 5.37%, due 05/15/2024	1.24
Icahn Enterprises, LP / Icahn Enterprises Finance Corp., 6.00%, due 08/01/2020	1.22
Percentage of total portfolio	17.86

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	\$80.14 (B)
Weighted Average Market Cap	\$259.44 (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 1.19% and 0.95% for Class A and Class I shares, respectively. The net expense ratios for this fund are 1.19% and 0.95% 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 S&P 500[®] and the Transamerica Strategic High Income Blended Benchmark (60% S&P 500[®] and 40% ICE BofAML 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.

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.

TAM and Thompson, Siegel & Walmsley LLC are not affiliated companies.

1801 California St. Suite 5200, Denver, CO 80202

33310_MQCSHI1018

Total Return Performance (%)

	3 Mo	YTD	1 Yr	3 Yr*	5 Yr	10 Yr	Inception*
Class A (at NAV)	4.38	4.38	8.66	9.49	N/A	N/A	6.78
Class A (at POP)	-1.39	-1.38	2.68	7.45	N/A	N/A	5.48
Class I (at NAV)	4.34	4.47	8.83	9.78	N/A	N/A	7.03
S&P 500 [®]	7.71	10.56	17.91	17.31	N/A	N/A	–
Transamerica Strategic High Income Blended Benchmark	5.55	7.08	11.48	13.29	N/A	N/A	–

* Average Annual Total Return

Calendar Year Performance (%)

	2017	2016	2015	2014	2013	2012	2011
Class A (at NAV)	13.30	9.11	-0.81	N/A	N/A	N/A	N/A
Class I (at NAV)	13.71	9.42	-0.66	N/A	N/A	N/A	N/A
S&P 500 [®]	21.83	11.96	1.38	N/A	N/A	N/A	N/A
Transamerica Strategic High Income Blended Benchmark	15.69	13.14	-0.20	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.