

# Transamerica Unconstrained Bond

## Class I TUNIX

### Investment Objective

The fund seeks to maximize total return through a combination of interest income and capital appreciation.

### Sub-adviser

PineBridge Investments LLC (PineBridge)



### Portfolio Managers

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### Product Profile

A dynamic fixed income strategy that utilizes a flexible investment approach to address changing market conditions.

- ➔ Ability to invest in broader debt sectors than traditional fixed income funds.
- ➔ Global exposure including high yield and emerging markets.
- ➔ Ability to manage interest rate risk through active duration management.

### Fund Facts

Inception Date (I)	12/08/14
Benchmark Index	ICE BofAML U.S. Dollar LIBOR 3-Month Constant Maturity Index
Morningstar Category	Nontraditional Bond
Lipper Category	Alternative Credit Focus
Dividend Frequency	Monthly

### Macroeconomic Overview

Higher spread segments of fixed income generally performed well in the third quarter amid a backdrop of optimism related U.S. trade policy, easing pressure in select Emerging Markets (EM), higher oil and other commodity prices and fresh record highs in U.S. equity markets. Treasury rates traded higher across all maturities on the curve. 5- and 10-year U.S. treasury rates increased by 0.22% and 0.20%, respectively, during the quarter. The U.S. dollar continued to climb higher. However, the trajectory of dollar gains was more moderate, increasing only 0.70% according to the U.S. Dollar index. Banks meaningfully recovered versus non-financials in the Investment Grade space. New issue supply remained subdued in the leveraged finance market creating a supportive technical environment.

### Fund Overview

Transamerica Unconstrained Bond generated a total return of 1.41% during the quarter outperforming the BofAML 3-Month Libor index return of 0.58% and the Barclays Aggregate Index return of 0.02%. The Fund benefitted most from allocations to higher spread segments of fixed income during the quarter. Specifically, allocations to European contingent convertibles, high yield bonds and bank loans were the top contributors from an asset class standpoint. An allocation to U.S. Treasury Inflation Protected Securities detracted from performance as the higher quality asset class is more sensitive to rising treasury rates. A hedged duration profile, in the form of a short 10-year U.S. treasury futures position, also contributed to performance as 10-year U.S. treasury rates traded significantly higher during the quarter.

### Outlook

The unprecedented divergence between U.S. and non-U.S. fundamentals is raising the question of whether the U.S. will converge down or others will converge up. PineBridge expects to see the latter. If so, it will be the result of China further ramping up its monetary and fiscal stimulus. China's re-acceleration should be supportive of non-U.S. growth, particularly in emerging market Asia as well as in Europe, where exporters will benefit. In terms of prices, EM assets appear most attractively valued after their year-long correction. Unfortunately, their fundamentals are still decelerating. But a reversal is becoming likely in the next nine to 18 months. The Fund favors select EM sovereign assets as well as Emerging Markets Corporate Investment Grade bonds which have been disproportionately affected by the EM sell-off relative to their fundamentals. The Fund also continues to find issuer level opportunities within Investment Grade and Leveraged Finance markets.

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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### Fixed Income Statistics

Average Price	\$98.52
Average Maturity	7.33 years
Average Duration	1.42 years

Source: PineBridge Investments LLC

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.

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.

### Total Return Performance (%)

	3 Mo	YTD	1 Yr	3 Yr*	5 Yr	10 Yr	Inception*
Class I (at NAV)	1.39	0.14	1.12	4.21	N/A	N/A	3.28
ICE BofAML U.S. Dollar LIBOR 3-Month Constant Maturity Index	0.57	1.49	1.78	1.10	N/A	N/A	–

\* Average Annual Total Return

### Calendar Year Performance (%)

	2017	2016	2015	2014	2013	2012	2011
Class I (at NAV)	6.12	7.54	-0.68	N/A	N/A	N/A	N/A
ICE BofAML U.S. Dollar LIBOR 3-Month Constant Maturity Index	1.11	0.66	0.23	N/A	N/A	N/A	N/A

### Top 10 Holdings

	% of Holdings
State Street Institutional U.S. Government Money Market Fund	7.51
U.S. Treasury Bill, 2.25%, due 01/24/2019	4.45
Qatar Government International Bond, 4.50%, due 04/23/2028	0.98
Colombia Government International Bond, 3.87%, due 04/25/2027	0.98
Uruguay Government International Bond, 9.87%, due 06/20/2022	0.93
GMAC Capital Trust I, Series 2, 8.09%	0.93
Argentina Republic Government International Bond, 5.25%, due 01/15/2028	0.87
JPMorgan Chase & Co., 5.80%, due 10/30/2018	0.64
Mexico Bonos, Series M, 7.50%, due 06/03/2027	0.64
Mexico Bonos, Series M, 7.25%, due 12/09/2021	0.59
Percentage of total portfolio	18.52

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

**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. There are no sales charges for Class I shares.**

**The gross expense ratio for the Class I shares of this fund is 0.91%. The net expense ratio for the Class I shares of this fund is 0.91%. 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. Dollar LIBOR 3-Month Constant Maturity 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.

Investing in the fund entails interest rate risk, pre-payment risk, and credit risk as well as additional risks in that it may invest in high-yield/non-investment grade bonds. The fund may also invest in foreign securities, including emerging markets, which carry currency risk if denominated in non-dollar or non-USD and are difficult to trade during periods of stress. Changes in interest rates, the market's perception of the issuers and the creditworthiness of the issuers may significantly affect the value of a bond. Derivatives involve risks in addition to the risks of underlying securities, particularly counterparty and liquidity risk.

**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](http://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 PineBridge Investments LLC are not affiliated companies.

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