

Market Pulse

Transamerica Asset Management, Inc.



2025 Mid-Year Market Outlook Summary

Tom Wald, CFA®
Chief Investment Officer
Transamerica Asset Management, Inc.

U.S. economy

While uncertainty is likely to persist for the remainder of the year, we believe the U.S. economy can maintain positive gross domestic product (GDP) growth of approximately 1.5% driven by tariff and trade policy resolution, upcoming deregulation, and Federal Reserve rate cuts toward year-end. We see core rates of inflation holding steady at approximately 2.7%. Netting everything out, we see the environment as modestly favorable for stocks and opportunistic for investment-grade bonds.

U.S. fixed income

We believe the Federal Reserve is likely to implement two quarter-point rate cuts in the latter months of the year reducing the year-end federal funds rate to a target range of 3.75%-4.00%. We see the 10-year U.S. Treasury yield concluding the year at about 4.40% and believe the credit environment will remain favorable for short to intermediate term investment-grade corporate bonds.

U.S. stocks

Although stocks will likely remain volatile, we still see modest upside in U.S. equities with our year-end price target on the S&P 500® being 6,600. Potential catalysts for equities going forward include some degree of tariff resolution, resilient corporate earnings, tax legislation, and Federal Reserve rate cuts. We continue to favor value stocks versus growth as a longer-term shift in market leadership between these groups appears to be in progress.

International stocks

We believe international developed stocks remain well positioned for the remainder of the year and beyond. Valuations versus U.S. equities continue to appear attractive and as ongoing trade uncertainty with the U.S. potentially mitigates, more global capital could migrate into this space. In particular, we see opportunities in the Eurozone and Japan.

Wild cards

Wild cards for the markets include ongoing tariff-based trade negotiations and geopolitical military conflicts in the Middle East.



Tom Wald, CFA®
Chief Investment Officer
Transamerica Asset Management, Inc.

Tom Wald is the Chief Investment Officer of Transamerica Asset Management, Inc., the mutual fund arm of Transamerica. Tom oversees investment and mutual fund development and the sub-adviser selection process. He heads Transamerica Asset Management's investment thought leadership with advisors, clients, and media. Tom has more than 35 years of investment experience and has managed large mutual funds and sub-advised separate account portfolios. Tom holds a bachelor's degree in political science from Tulane University and an MBA in finance from the Wharton School at the University of Pennsylvania.

Investments are subject to market risk, including the loss of principal. Asset classes or investment strategies described may not be suitable for all investors.

Past performance does not guarantee future results. Indexes are unmanaged and an investor cannot invest directly in an index.

Equities are subject to market risk meaning that stock prices in general may decline over short or extended periods of time. Indexes are unmanaged and an investor cannot invest directly in an index.

Fixed income investing is subject to credit rate risk, interest rate risk, and inflation risk. Credit risk is the risk that the issuer of a bond won't meet their payments. Inflation risk is the risk that inflation could outpace a bond's interest income. Interest rate risk is the risk that fluctuations in interest rates will affect the price of a bond. Investing in floating rate loans may be subject to greater volatility and increased risks.

Growth stocks typically are particularly sensitive to market movements and may involve larger price swings because their market prices tend to reflect future expectations. Growth stocks as a group may be out of favor and underperform the overall equity market for a long period of time, for example, while the market favors "value" stocks. Value investing carries the risk that the market will not recognize a security's intrinsic value for a long time or that an undervalued stock is actually appropriately priced.

Investments in global/international markets involve risks not associated with U.S. markets, such as currency fluctuations, adverse social and political developments, and the relatively small size and lesser liquidity of some markets. These risks may be greater in emerging markets.

The information included in this document should not be construed as investment advice or a recommendation for the purchase or sale of any security. This material contains general information only on investment matters; it should not be considered as a comprehensive statement on any matter and should not be relied upon as such. The information does not take into account any investor's investment objectives, particular needs, or financial situation. The value of any investment may fluctuate. This information has been developed by Transamerica Asset Management, Inc. and may incorporate third-party data, text, images, and other content to be deemed reliable.

Comments and general market-related projections are based on information available at the time of writing and believed to be accurate; are for informational purposes only, are not intended as individual or specific advice, may not represent the opinions of the entire firm, and may not be relied upon for future investing. Investors are advised to consult with their investment professional about their specific financial needs and goals before making any investment decisions.

The federal funds rate refers to the target interest rate range at which commercial banks borrow and lend their excess reserves to each other overnight, which is set by the Federal Open Market Committee.

The 10-Year U.S. Treasury bond is a U.S. Treasury debt obligation that has a maturity of 10 years.

The S&P 500® Index is an unmanaged index of 500 common stocks primarily traded on the New York Stock Exchange, weighted by market capitalization.

Transamerica Asset Management, Inc. (TAM) is an SEC-registered investment adviser. The funds advised and sponsored by Transamerica Asset Management, Inc. include Transamerica Funds and Transamerica Series Trust. Transamerica Asset Management, Inc., is an indirect wholly owned subsidiary of Aegon Ltd., an international life insurance, pension, and asset management company.