MARKET PULSE

TRANSAMERICA ASSET MANAGEMENT, INC.
2025 MARKET OUTLOOK

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TRANSAMERICA®
Insurance / Investments / Retirement

MARKET PULSE:

2025 YEAR-END FORECASTS

FORECASTS	Year-End 2025
CY U.S. GDP Growth	2.50%
Core CPI Inflation	2.60%
Core PCE Inflation	2.20%
Slope of Yield Curve (3-Month to 10-Year)	Upward
Federal Funds Rate (Lower Bound)	3.50%
10-Year U.S. Treasury Bond Yield	4.40%
S&P 500®	6,500

PORTFOLIO POSITIONING	
Asset Allocation	Balanced Stocks/Bonds (60/40)
Optimal Spot on Yield Curve	6–9 Years
Fixed Income	Intermediate Term, Investment Grade (6–9 Years)
U.S. Stocks	Large-Cap Value
International Stocks	Developed Markets, Europe, Japan

All opinions, estimates, projections, and security selections contained herein are those of Transamerica Asset Management, Inc. It does not constitute investment advice and should not be used as a basis for any investment decision. Please reference the end of this presentation for a glossary of terms and additional definitions.

MARKET PULSE: 2025

U.S. ECONOMY

We believe the U.S. economy is capable of achieving approximately 2.5% gross domestic product growth in 2025, which we view as continuing to be a favorable environment for stocks and bonds. Catalysts for the year ahead include Federal Reserve rate cuts, declining inflation, rising corporate earnings growth, and a more business-friendly environment within the federal government. We see core rates of inflation continuing to mitigate into the sub-2.5% range by year-end.

FIXED INCOME

It is our assessment the Federal Reserve is likely to continue cutting rates and close out 2025 with a federal funds rate target range of 3.50%–3.75%. This is based on continuing expectations of declining inflation and the Fed's desire to normalize the real rate of interest closer to historical levels. We believe the 10-year Treasury bond yield will remain close to current levels, finishing the year at approximately 4.4% and resulting in an upward sloping yield curve. In this environment, we view intermediate-term, investment-grade corporate bonds as providing a strong risk-return profile.

U.S. STOCKS

We see more upside in the equity markets, and our year-end 2025 price target on the S&P 500® is 6,500. Potential catalysts for stocks in the year ahead include positive economic growth, rising corporate earnings, Federal Reserve rate cuts, ongoing lower taxes, and a less onerous regulatory environment. As the year proceeds, based on some level of convergence in historically wide valuation differentials, we see a high probability of a shift in market leadership likely favoring value stocks versus growth.

INTERNATIONAL STOCKS

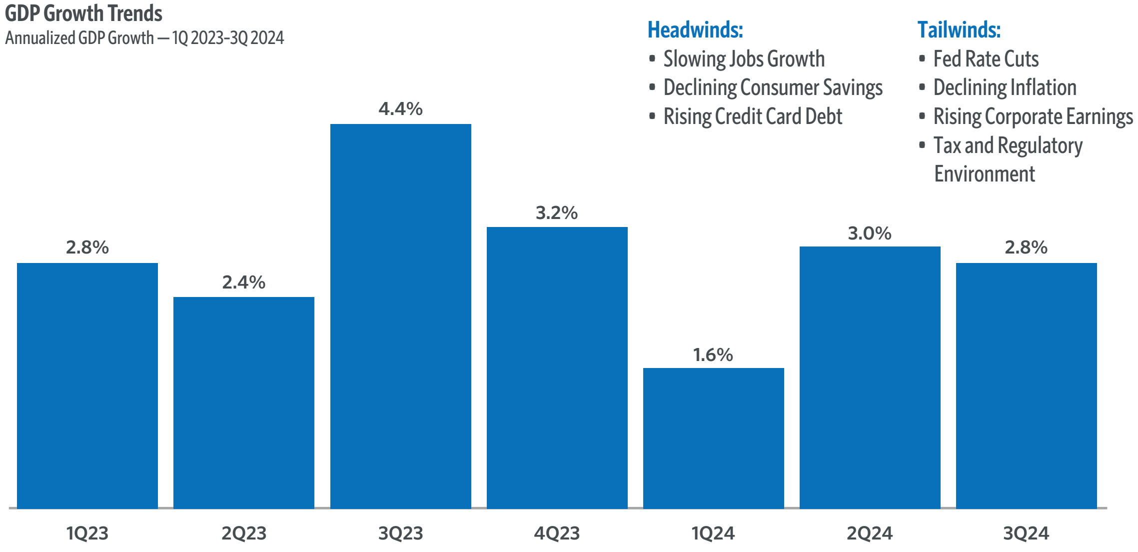
Despite more than a decade of lagging comparative performance versus U.S. stocks, the environment could be turning constructively for international developed stocks. With highly attractive relative valuations and identifiable catalysts in Europe and Japan, we believe global investors could benefit from allocations to this space.

WILD CARD

In the aftermath of the U.S. elections, we view the single biggest wild card to the markets as being the potential implementation of additional trade tariffs by the U.S. The degree to which the Trump administration imposes additional tariffs, be it on China or a wider set of nations, could have economic and market impacts during the year ahead.

U.S. ECONOMY
GDP Growth Trends

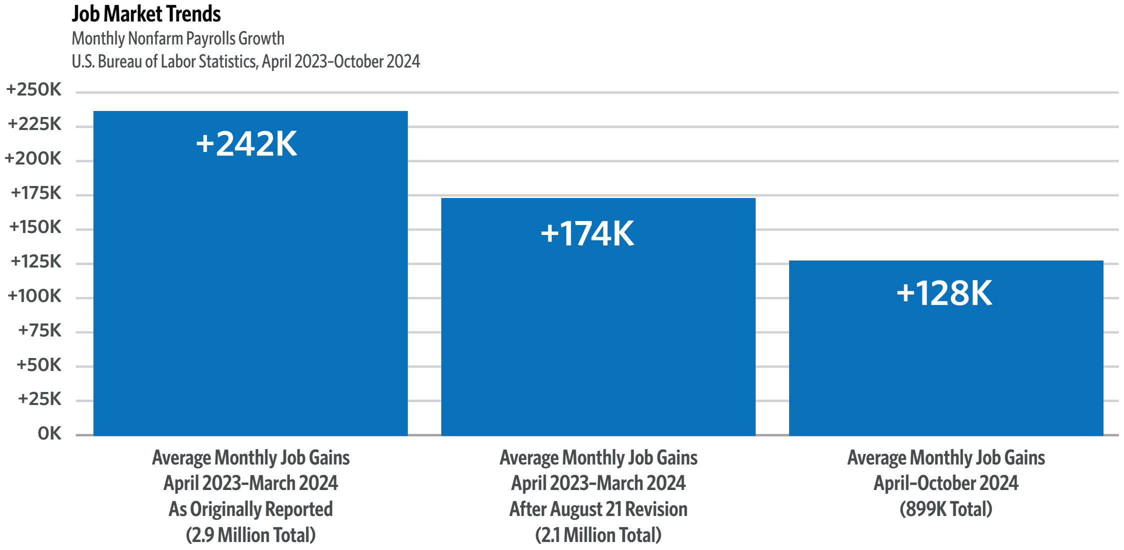
We see overall economic growth, as measured by gross domestic product, in the year ahead of approximately 2.5%, suggesting a favorable environment for stocks and bonds.



Source: Bureau of Economic Analysis, as of 9/30/24. Second estimate released 10/30/24.

U.S. ECONOMY
Job Market Trends

Employment trends have been inconsistent throughout 2024. However, fed rate cuts and an improving tax and regulatory environment should result in positive momentum for jobs growth in 2025.

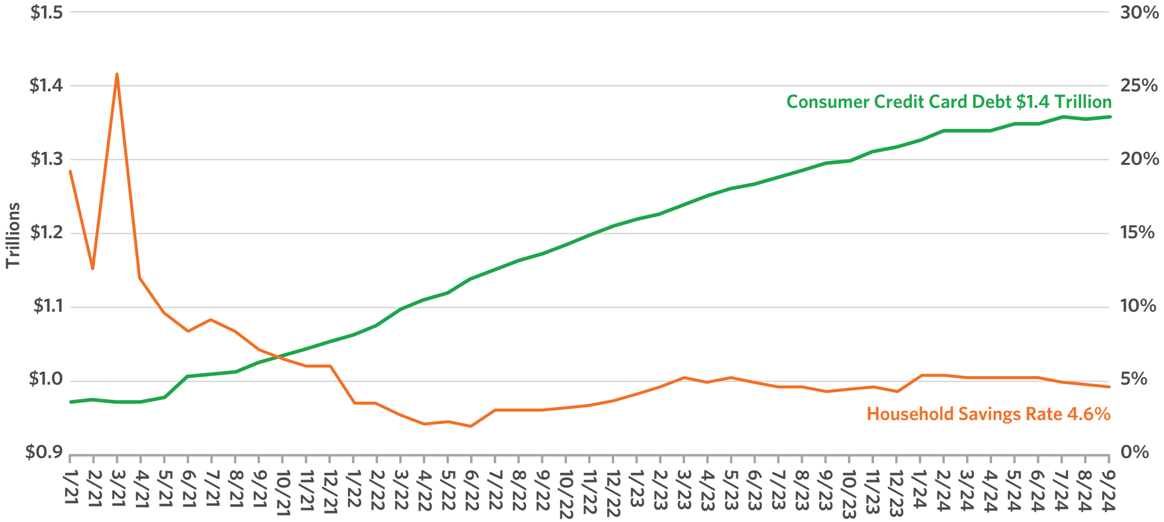


Source: Bureau of Labor Statistics, as of 10/31/24

U.S. ECONOMY
Consumer Headwinds

The single biggest headwind facing consumer spending and perhaps the entire economy is the combination of declining personal savings and rising aggregate credit card debt.

Consumer Headwinds
HOUSEHOLD SAVINGS AND CREDIT CARD DEBT

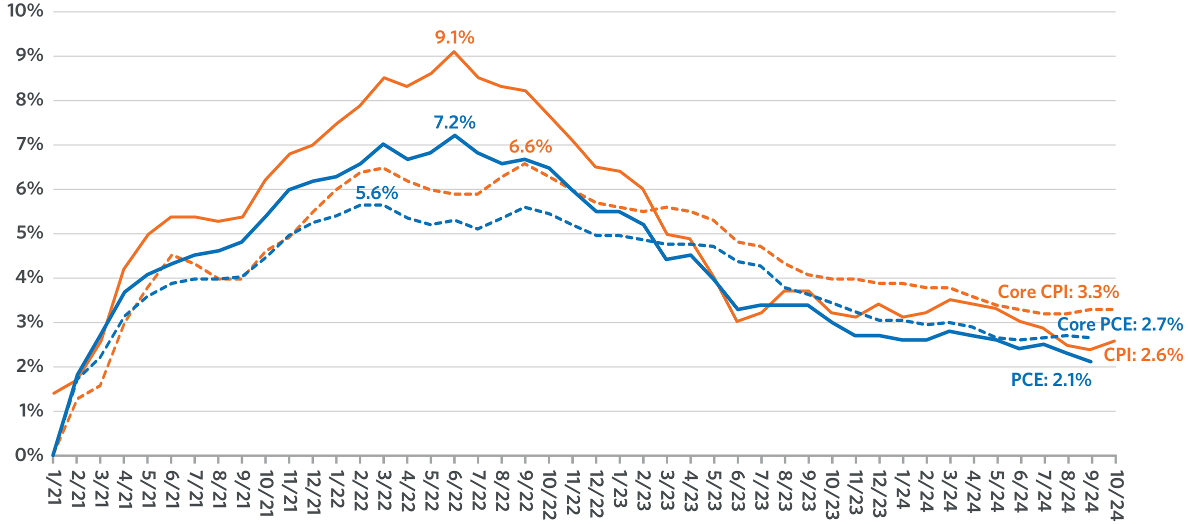


As of 9/30/24; Revolving Consumer Credit Outstanding; Source: Federal Reserve; Household Savings Rate; Source: Bureau of Economic Analysis

U.S. ECONOMY
Inflation Trends

The four most closely watched inflation metrics — consumer price index (CPI), CPI core inflation (ex food and energy components), personal consumption expenditures (PCE), and PCE core inflation — have all shown precipitous declines since they reached cycle peaks more than two years ago.

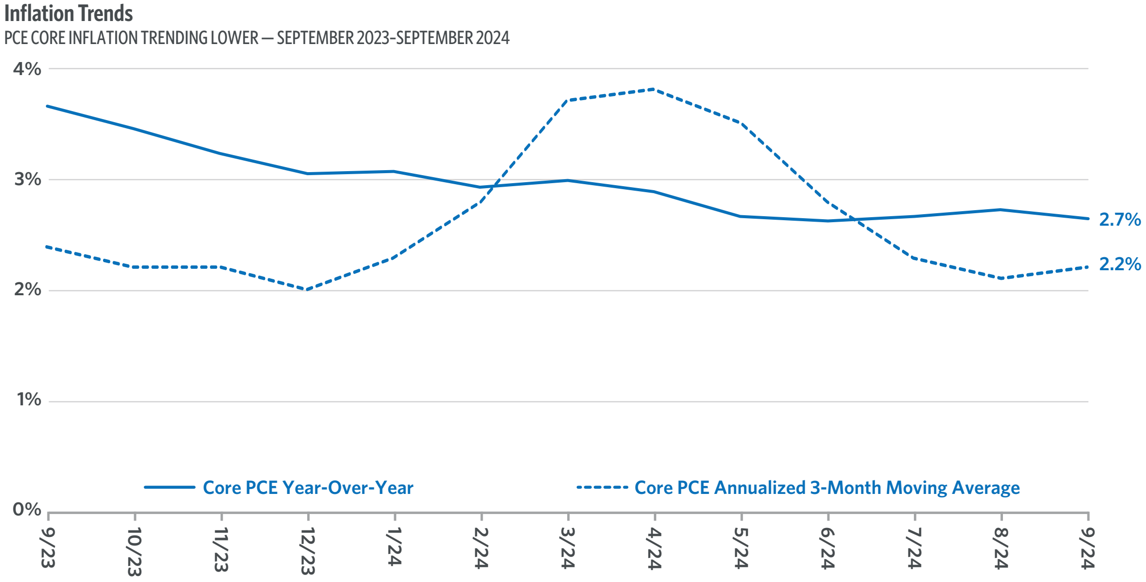
Inflation Trends
KEY INFLATION RATES JANUARY 2021-OCTOBER 2024



CPI Source: Bureau of Labor Statistics, as of 9/30/24; PCE: Bureau of Economic Analysis, as of 10/31/24

U.S. ECONOMY
Inflation Trends

Shorter-term inflation is trending down at a faster pace than longer-term inflation, suggesting the overall trend should continue to fall.



As of 9/30/24; Source: Bureau of Economic Analysis

U.S. ECONOMY
Potential Tax Changes in 2025

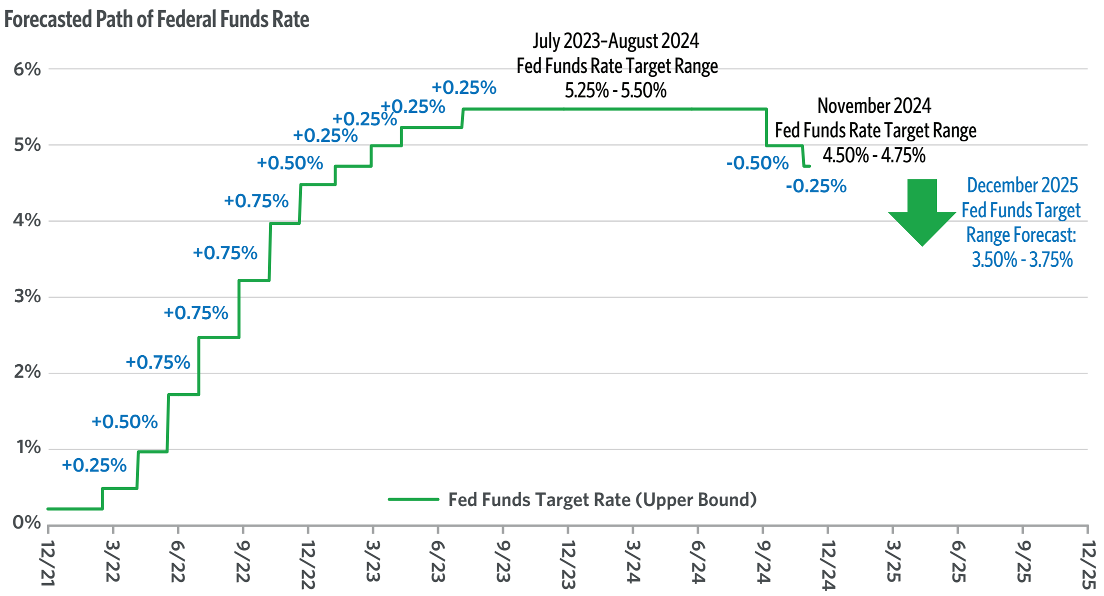
An important economic tailwind in terms of longer-term consumer confidence in the economy could be the extension of the 2017 Tax Cuts and Jobs Act during 2025.

	Current Law	Potentially to be Proposed in 2025
Marginal Tax Rates	The top marginal tax rate of 37% for individuals and married individuals filing jointly These tax rates are expected to increase back to pre-2017 Tax Cuts and Jobs Act (TCJA) of 39.6% after 2025	Make the lower TCJA top marginal rate permanent after 2025
Capital Gains and Qualified Dividends Tax Rate	Top tax rate for capital gains and qualified dividends of 20% Subject to renegotiation after 2025	Make the TCJA top capital gains and qualified dividends rate permanent after 2025
Corporate Tax Rates	Corporate tax rate of 21% Subject to renegotiation after 2025	Lower to between 15%–20%

Source: "President Trump's Tax Proposals at a glance," Crowe.com, Nov. 7, 2024

FIXED INCOME
Forecasted Path of Federal Funds Rate

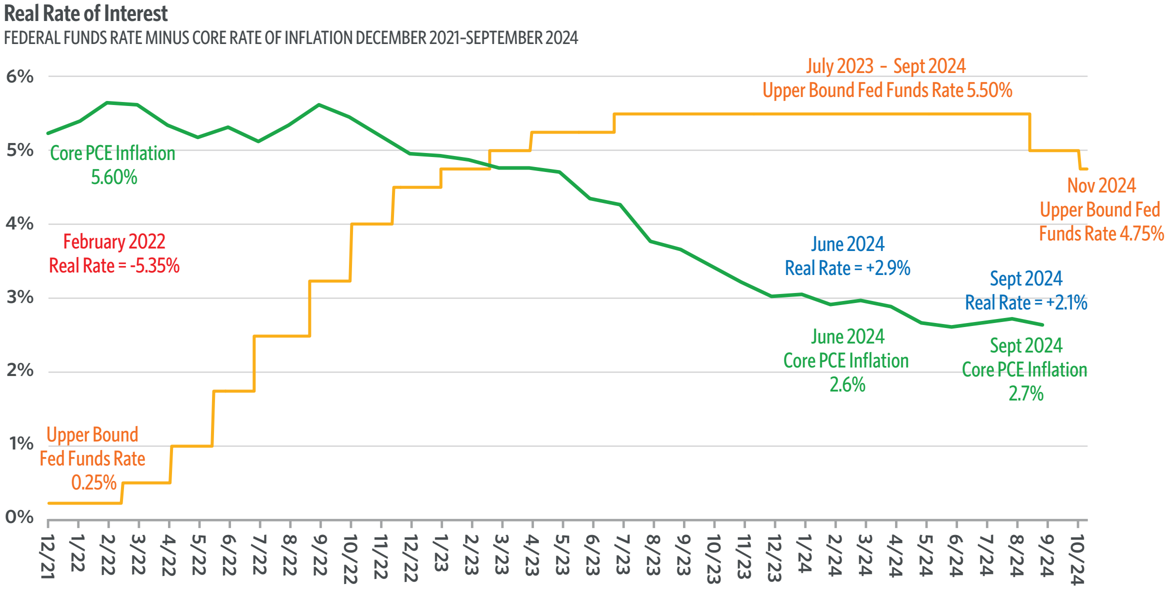
Looking forward, it is our best estimate that the Fed concludes 2025 with a federal funds rate target range of 3.50%–3.75%.



As of 11/7/24. Source: Fed Funds Target Rate: Federal Reserve Board of Governors. Forecast: Transamerica Asset Management, Inc.

FIXED INCOME
Real Rate of Interest

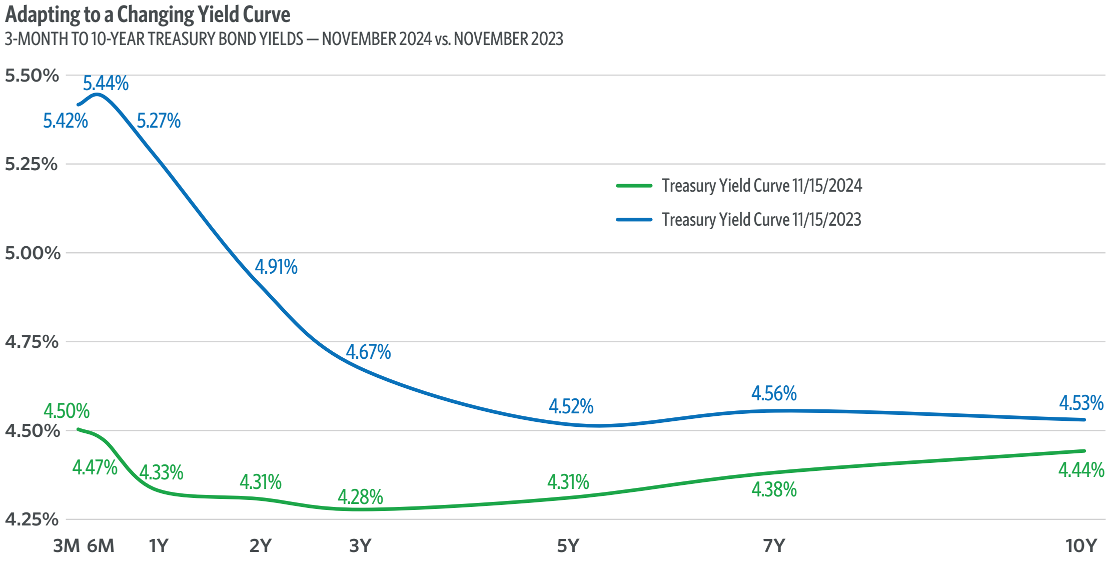
The real rate of interest, defined as the upper bound federal funds rate minus PCE core inflation, is a key reason as to why the Federal Reserve is likely to keep cutting rates.



Source: Federal Reserve Board of Governors; core PCE as of 9/30/24; fed funds rate as of 11/7/24

FIXED INCOME
Adapting to a Changing Yield Curve

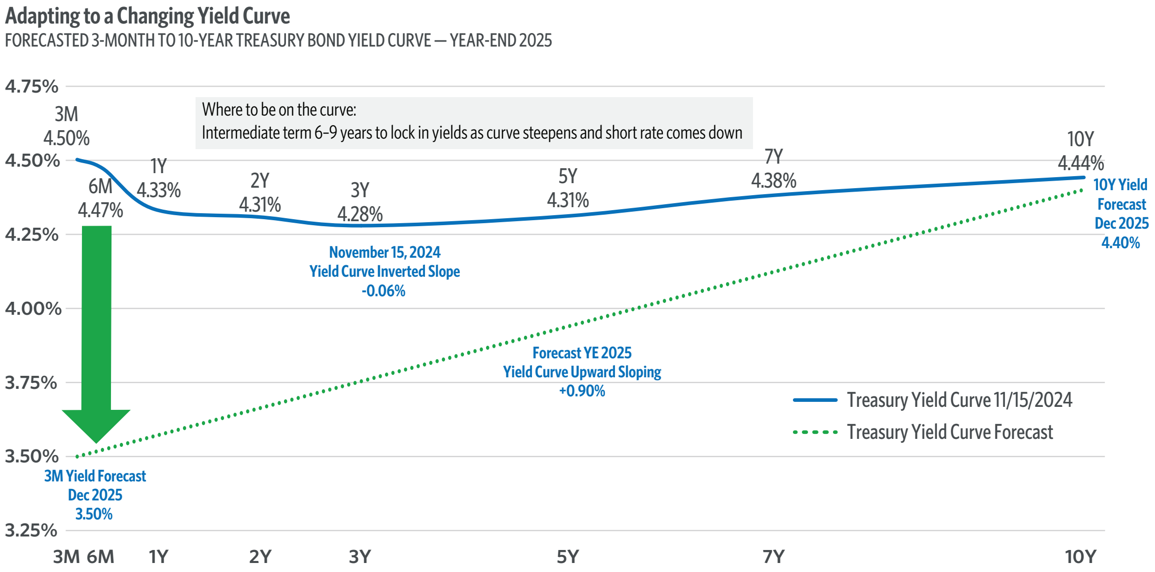
The 3-month to 10-year Treasury bond yield curve is in the process of steepening from an inverted to upward slope.



As of 11/15/24; Source: Bloomberg

FIXED INCOME
Adapting to a Changing Yield Curve

In adapting to a changing yield curve in 2025, intermediate-term bonds in the 6-9 year maturity range appear well positioned.

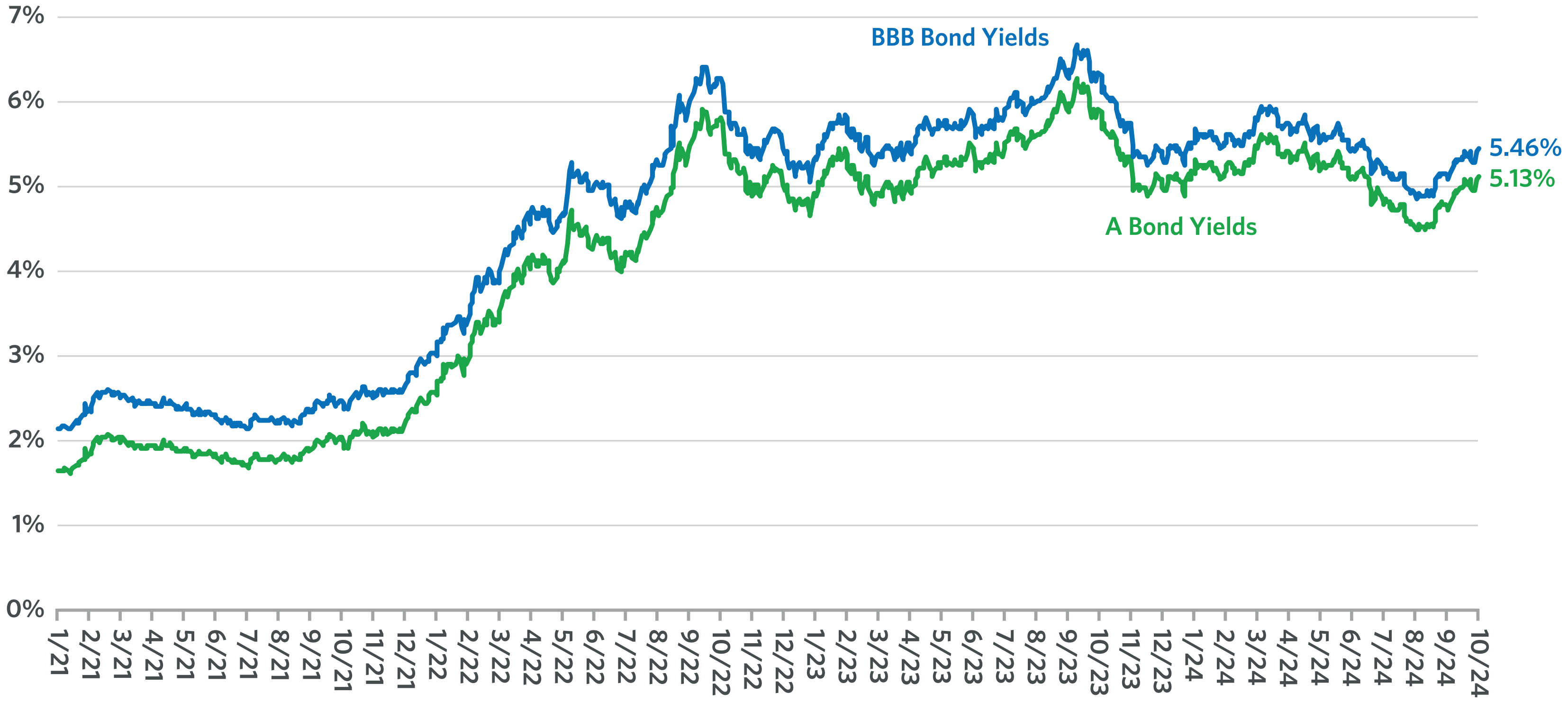


As of 11/15/24. Source – Yield Curve: Bloomberg. Forecast: Transamerica Asset Management

FIXED INCOME
Investment-Grade Corporate Bond Yields

Intermediate-term, investment-grade corporate bonds appear to provide strong risk-return profiles as markets enter 2025.

Investment-Grade Corporate Bond Yields
A-RATED AND BBB-RATED CORPORATE BOND YIELDS, JANUARY 2021–NOVEMBER 2024

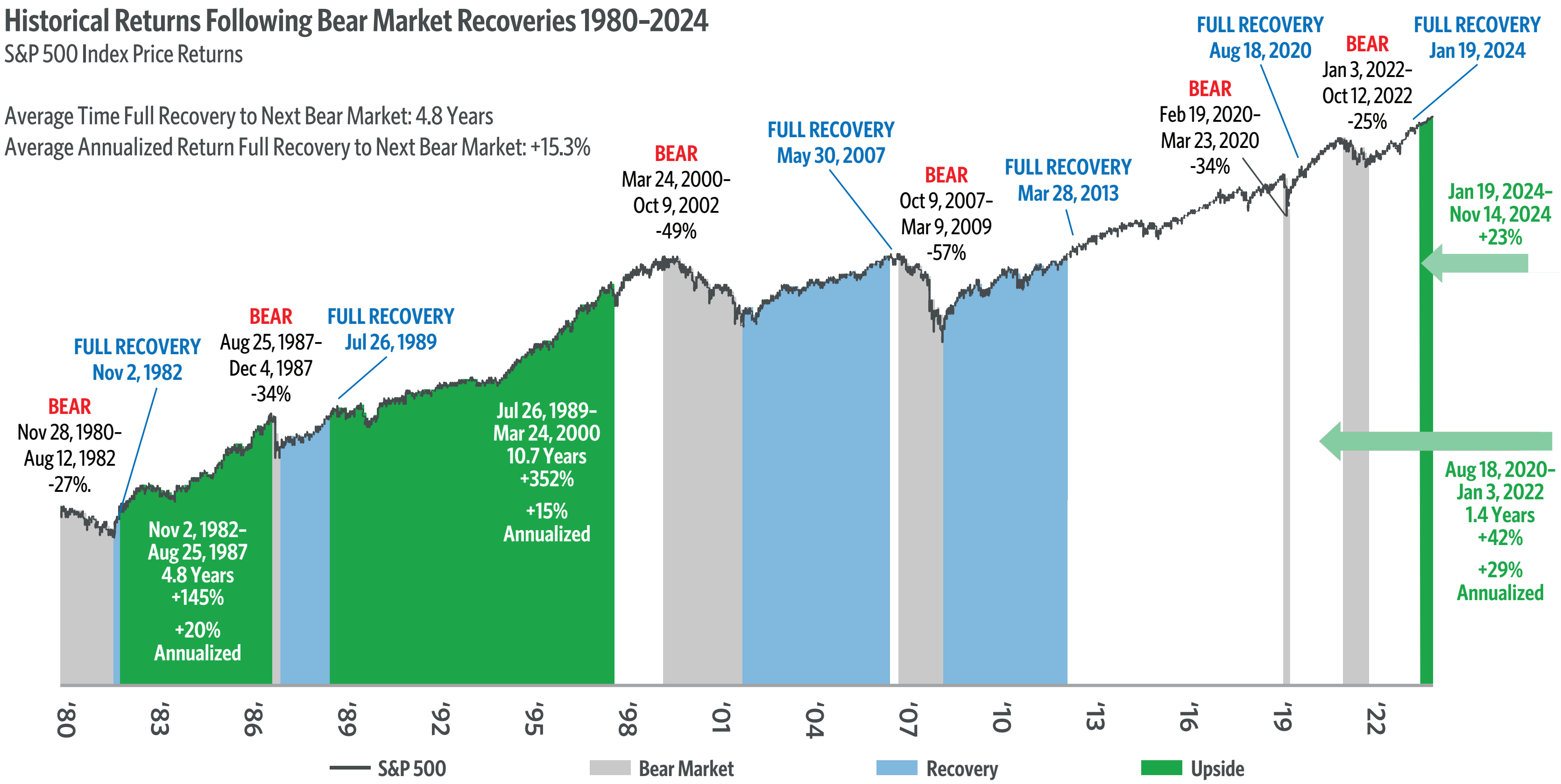


Source: Bloomberg, as of 11/15/24. A-Rated Bond Yields represented by the Yield to Worst on the US Aggregate Bond: A Index; BBB-Rated Bond Yields represented by the Yield to Worst on the US Aggregate Bond: BBB Index

U.S. STOCKS

Historical Returns Following Bear Market Recoveries 1980–2024

In looking at the past six bear markets, history suggests that it has not only proven advantageous for investors to own stocks after they have bottomed and a new bull market has been initiated, but also after stocks have fully recovered their bear market price losses (as was the case in January 2024), which is a far more identifiable and actionable milestone.



Source: Bloomberg, as of 11/14/2024. Indexes are unmanaged and an investor cannot invest directly in an index. Past performance does not guarantee future results.

U.S. STOCKS
Historical Returns Following Bear Market Recoveries

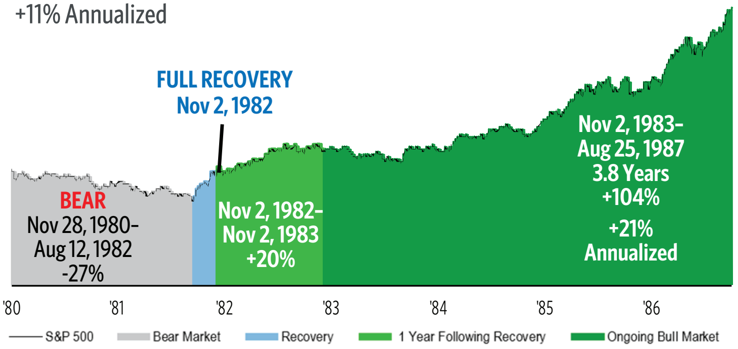
History suggests there is still meaningful upside for stocks even a full one year past the complete price loss recovery of a bear market.

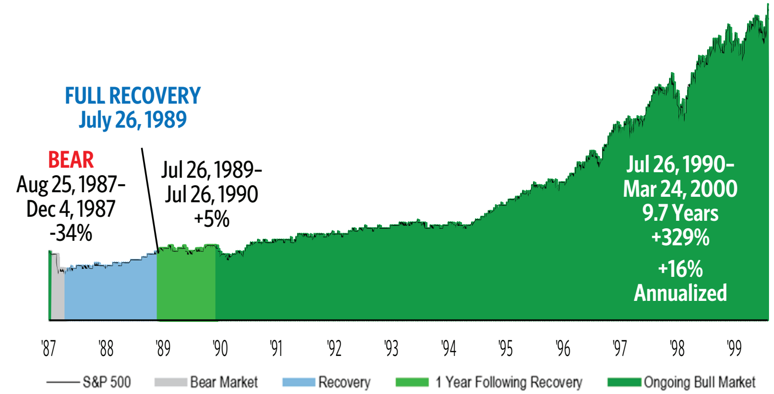
Historical Returns Following Bear Market Recoveries
S&P 500® INDEX PRICE RETURNS ONE YEAR AFTER FULL PRICE RECOVERY

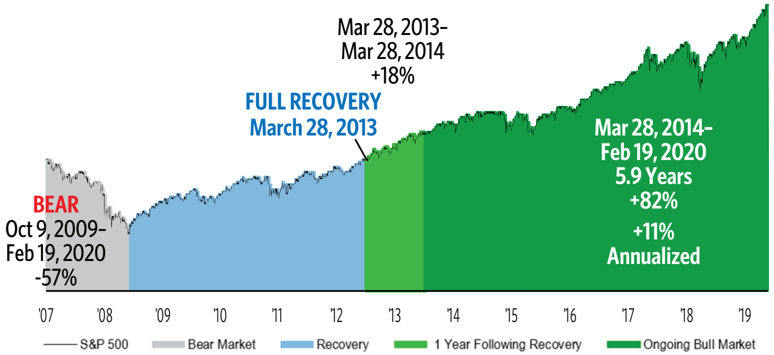
November 1983–August 1987
+21% Annualized

July 1990–March 2000
+16% Annualized

March 2014–February 2020
+11% Annualized





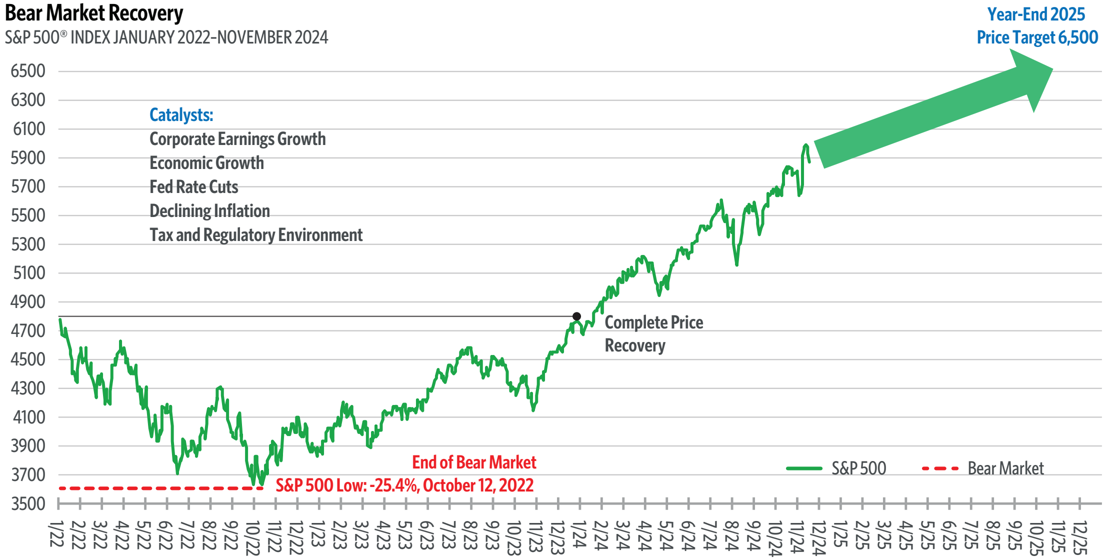


Source: Bloomberg. Indexes are unmanaged and an investor cannot invest directly in an index. Past performance does not guarantee future results.

U.S. STOCKS
Bear Market Recovery

The current market profile appears well positioned for further gains based on history and currently defined catalysts. As a result, our year-end 2025 price target on the S&P 500® is 6,500.

Bear Market Recovery
S&P 500® INDEX JANUARY 2022–NOVEMBER 2024

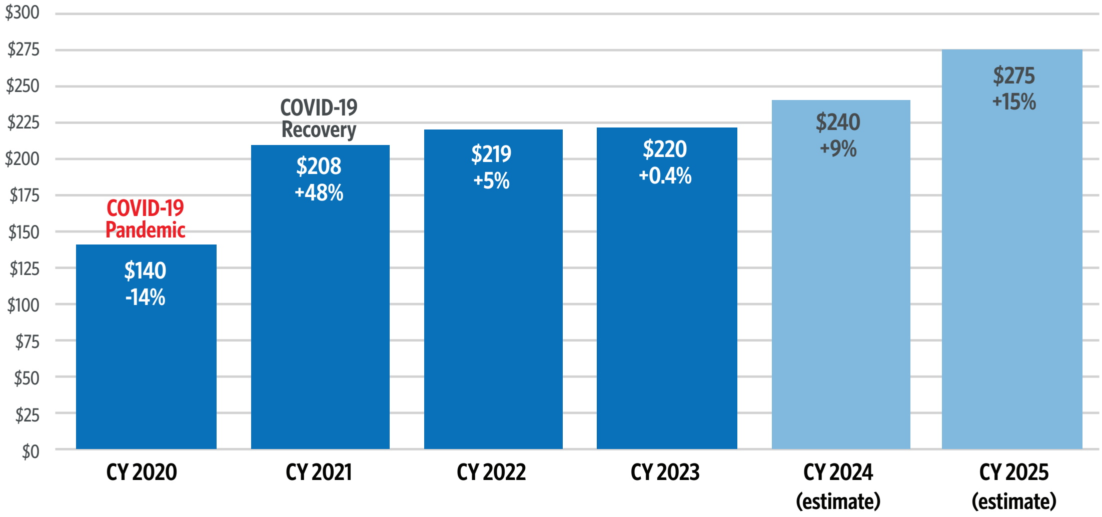


As of 11/15/24. Source: Bloomberg; Forecast: Transamerica Asset Management. Indexes are unmanaged and an investor cannot invest directly in an index. Past performance does not guarantee future results.

U.S. STOCKS
Corporate Earnings Growth

Of these current catalysts for stocks, we view the most important to be rising corporate earnings growth.

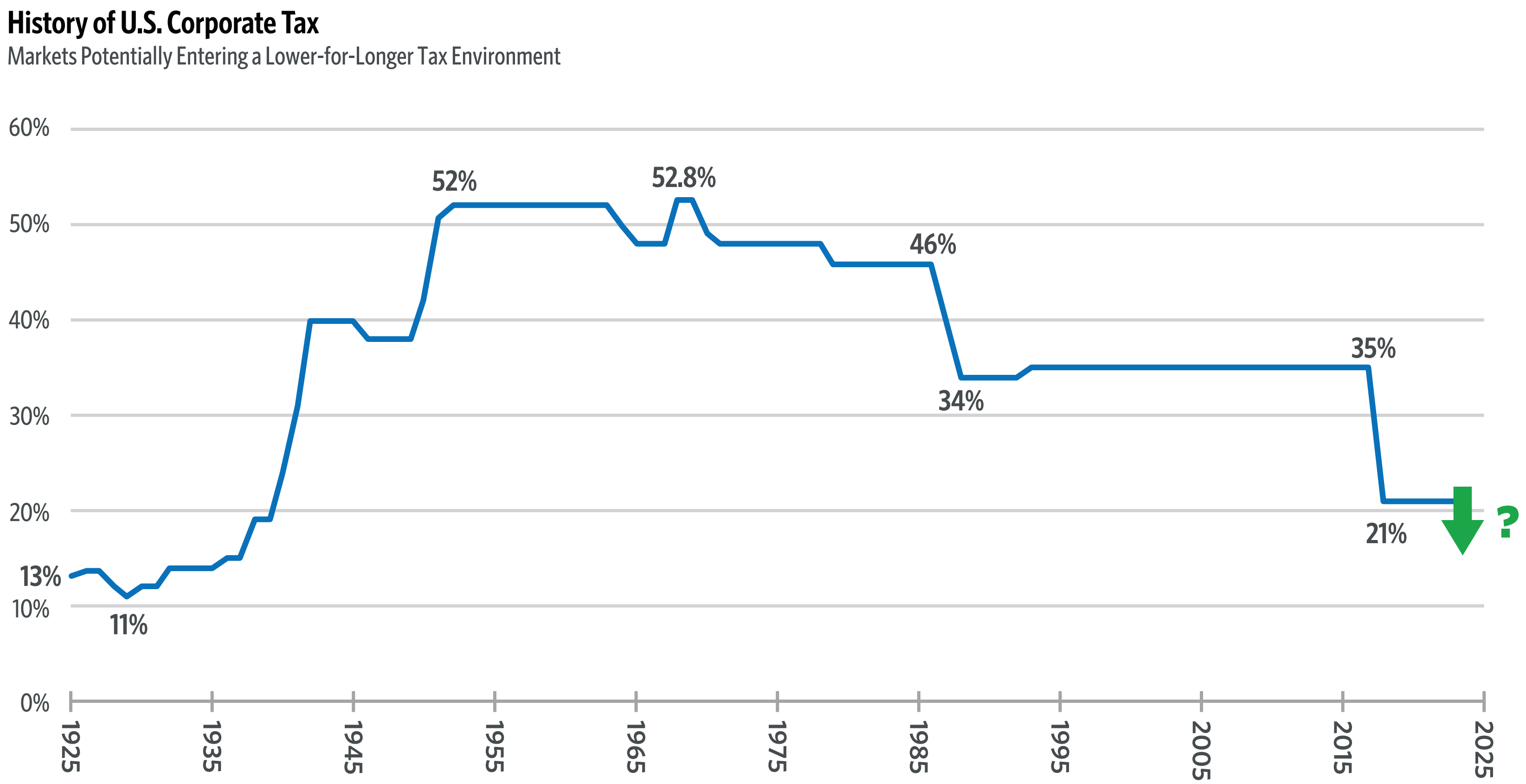
Corporate Earnings Growth
S&P 500® NET OPERATING INCOME ANNUALIZED AND ESTIMATED GROWTH 2020–2025



Source: FactSet Earnings Insight; as of 11/15/24

U.S. STOCKS
History of U.S. Corporate Tax Rate

A potentially “lower for longer” tax environment could also be beneficial for stocks in 2025 and beyond.

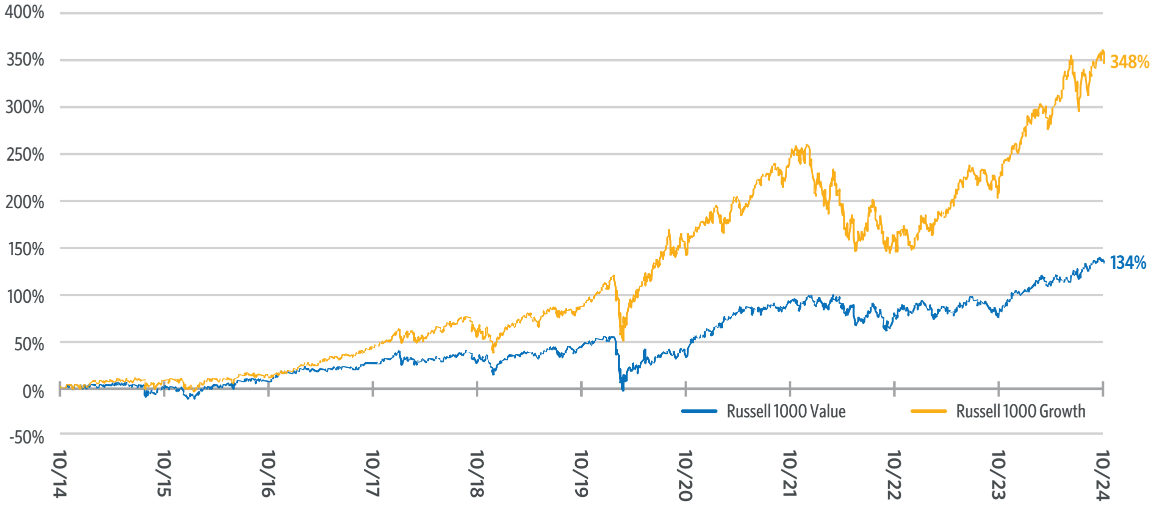


Source: Internal Revenue Service

U.S. STOCKS
Growth vs. Value — Comparative Returns

As we enter 2025, we believe there is a strong probability of a shift in market leadership from growth to value during the year ahead, providing for an upside regression to the mean and new cycle of relative outperformance for value stocks. As a result, we believe investors may want to consider shifting relatively higher equity allocations from growth to value as the year moves forward.

Growth vs. Value Comparative Returns
RUSSELL 1000® GROWTH VS. RUSSELL 1000® VALUE TOTAL RETURN OCTOBER 2014–OCTOBER 2024

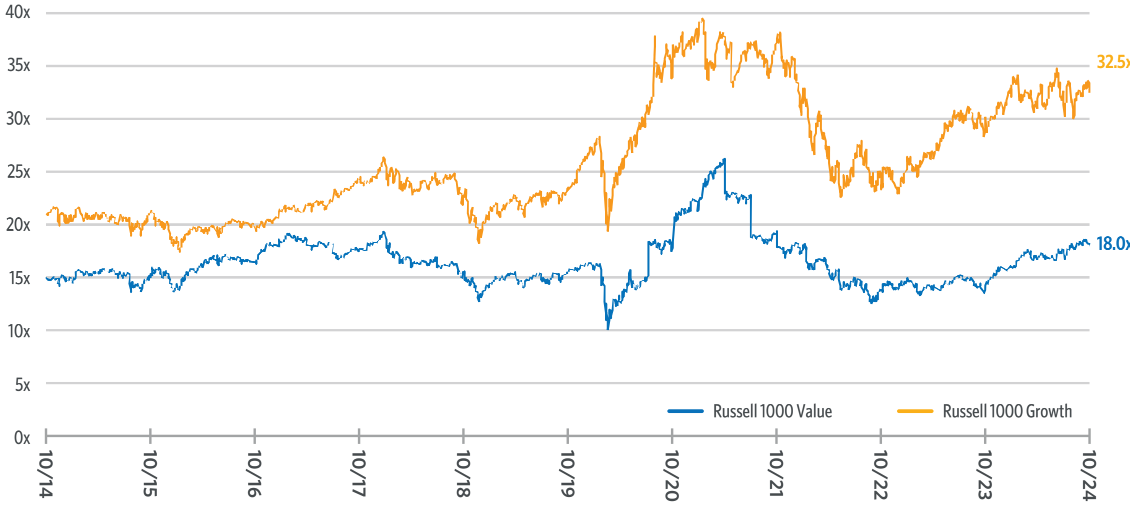


Source: Bloomberg as of 10/31/24. Indexes are unmanaged and an investor cannot invest directly in an index. Past performance does not guarantee future results.

U.S. STOCKS
Growth vs. Value — Comparative Valuations

Looking forward, value stocks appear to have an opportunistic profile given historically wide valuation differentials versus growth stocks.

Growth vs. Value–Comparative Valuations
RUSSELL 1000® GROWTH VS. RUSSELL 1000® VALUE PRICE TO TRAILING 12-MONTH EARNINGS MULTIPLE OCTOBER 2014–OCTOBER 2024

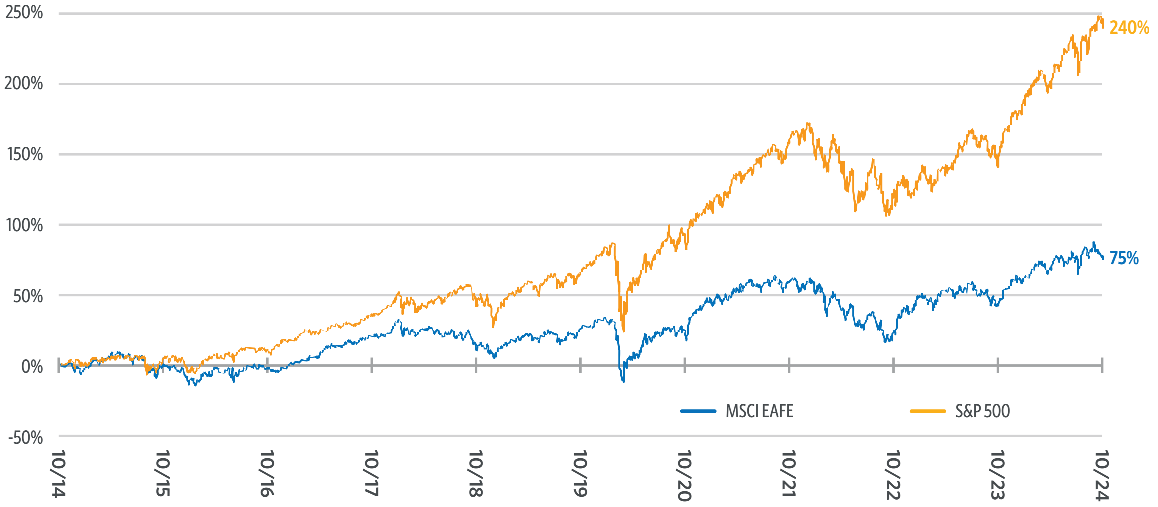


Source: Bloomberg as of 10/31/24. Indexes are unmanaged and an investor cannot invest directly in an index. Past performance does not guarantee future results.

INTERNATIONAL STOCKS
MSCI EAFE vs. S&P 500 — Comparative Returns

Over the past decade, international developed stocks have materially underperformed U.S. stocks.

MSCI EAFE vs. S&P 500® — Comparative Returns
OCTOBER 2014–OCTOBER 2024

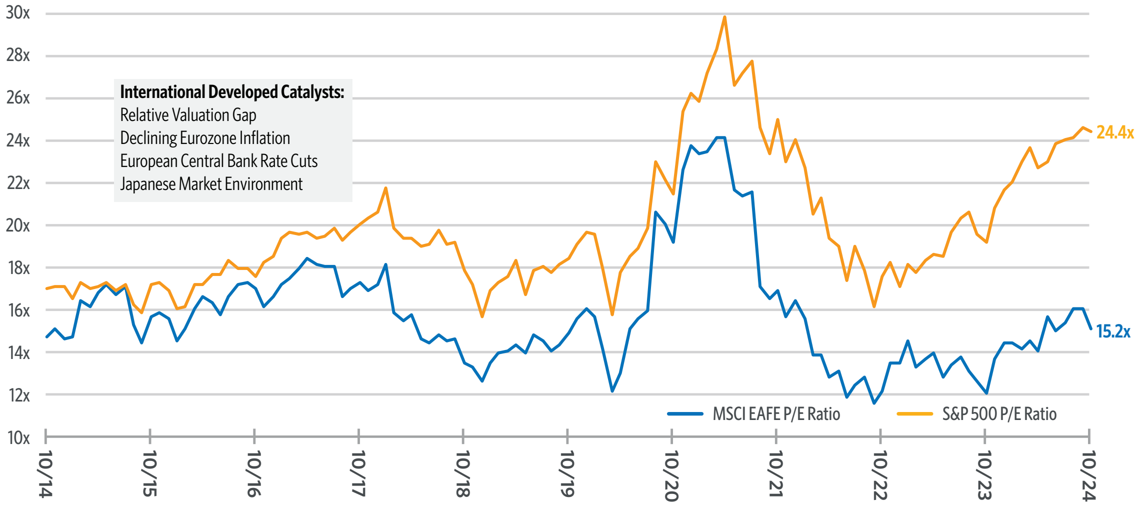


Source: Bloomberg as of 10/31/24. Indexes are unmanaged and an investor cannot invest directly in an index. Past performance does not guarantee future results.

INTERNATIONAL STOCKS
MSCI EAFE vs. S&P 500 — Comparative Valuations

However, this could now provide for opportunities in international developed stocks based on a meaningful valuation differential versus U.S. equities approaching historic levels.

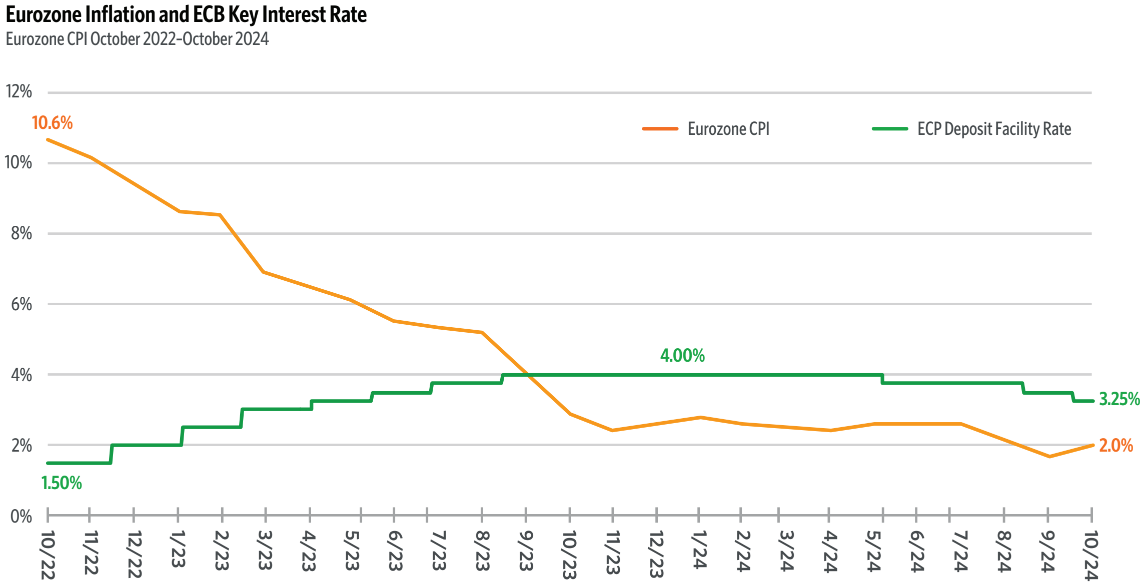
MSCI EAFE vs. S&P 500® — Comparative Valuations
TRAILING 12-MONTH P/E RATIOS OCTOBER 2014—OCTOBER 2024



As of 10/31/2024. Source: Bloomberg. Indexes are unmanaged and an investor cannot invest directly in an index. Past performance does not guarantee future results.

INTERNATIONAL STOCKS
Eurozone Inflation and ECB Key Interest Rates

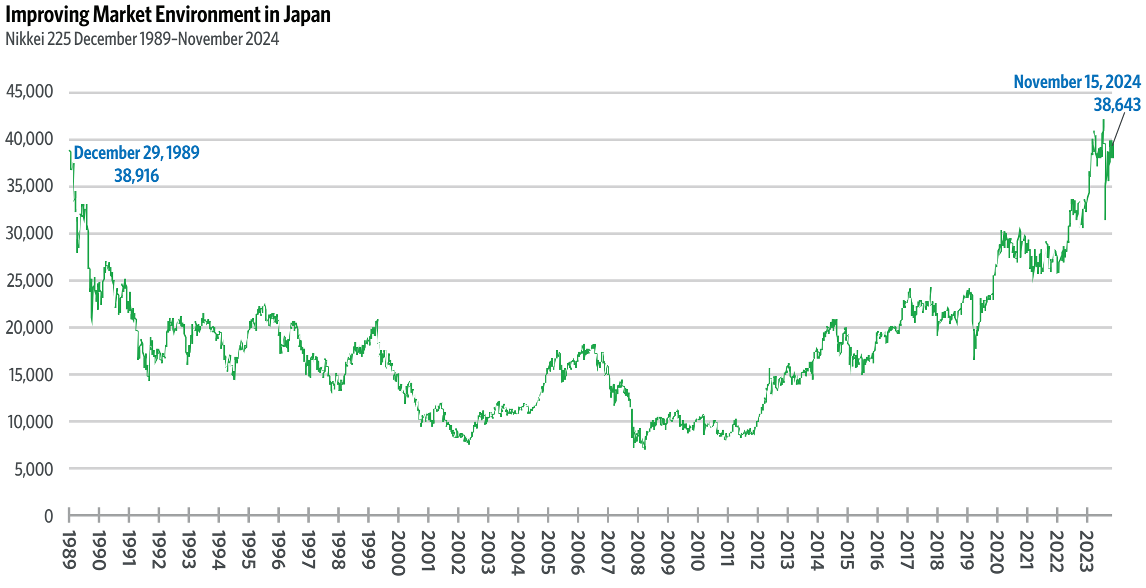
Declining inflation and ECB rate cuts could be tailwind catalysts for eurozone stocks.



As of: 10/31/2024. Eurozone CPI Source: Eurostat; ECB Deposit Facility Rate Source: European Central Bank

INTERNATIONAL STOCKS
Improving Market Environment in Japan

The overall market environment appears to be improving in Japan based in large part on a rebounding economy and more shareholder based corporate focus.



Source: Bloomberg, as of 11/15/24. Indexes are unmanaged and an investor cannot invest directly in an index. Past performance does not guarantee future results.

PORTFOLIO POSITIONING 2025

Transamerica Asset Management, Inc.'s summary of potentially favorable portfolio positioning for 2025.

ASSET ALLOCATION	FIXED INCOME	EQUITIES
1. Balanced allocations stocks/bonds 2. 60/40 providing strong mix of capital appreciation and income	1. Most favorable on investment-grade bonds 2. Intermediate portion of curve (6–9 years) to lock in yields	1. Favorable on U.S. stocks 2. Proportional market cap weightings 3. Large-cap value stocks as market leadership shifts 4. International developed markets focusing on Europe and Japan

The above strategy overview is intended to illustrate major themes for the identified period. No representation is being made that any particular account, product, or strategy will engage in any or all of these themes.

ABOUT THE AUTHOR

Tom is the Chief Investment Officer of Transamerica Asset Management, Inc. (TAM), the mutual fund arm of Transamerica.

Tom has more than 30 years of investment management experience and has managed large mutual fund portfolios and separate accounts.

As a member of the senior management team, Tom heads Transamerica Asset Management's thought leadership efforts and provides perspectives to advisors, clients, the media, and general public. He writes and publishes TAM's Market Outlook and other relevant commentary. He also heads Transamerica's mutual fund sub-adviser selection and monitoring process, as well as product management. 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.

THOMAS R. WALD, CFA®

Chief Investment Officer,
Transamerica Asset Management, Inc.

GLOSSARY & INDEX DEFINITIONS

CPI: Consumer price index **ECB:** European Central Bank **EPS:** Earnings per share **GDP:** Gross domestic product **PCE:** Personal consumption expenditures

The **Bloomberg US Aggregate Bond Index** measures investment-grade, U.S. dollar-denominated, fixed-rate taxable bonds, including Treasurys, government related and corporate securities, as well as both mortgage- and asset-backed securities.

The **Bloomberg US High Yield Index** covers the universe of fixed rate, non-investment grade debt. Eurobonds and debt issues from countries designated as emerging markets (sovereign rating of Baa1/BBB+/BBB+ and below using the middle of Moody's, S&P, and Fitch) are excluded, but Canadian and global bonds (SEC-registered) of issuers in non-EMG countries are included.

The **Bloomberg Municipal Index** consists of a broad selection of investment-grade general obligation and revenue bonds of maturities ranging from one year to 30 years. It is an unmanaged index representative of the tax-exempt bond market.

The **Bloomberg US Corporate Investment Grade Index** is an unmanaged index consisting of publicly issued U.S. Corporate and specified foreign debentures and secured notes that are rated investment grade (Baa3/BBB or higher) by at least two ratings agencies, have at least one year to final maturity and have at least $250 million par amount outstanding. To qualify, bonds must be SEC-registered.

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

The **Dow Jones Industrial Average** is a price-weighted average of 30 actively traded blue-chip U.S. stocks.

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 **MSCI EAFE Index (Europe, Australasia, Far East)** is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the U.S. & Canada.

The **MSCI Emerging Markets Index** is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets.

The **Russell 1000 Growth Index**® measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.

The **Russell 1000 Value Index**® measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.

The **Russell 2000 Index**® measures the performance of the 2,000 smallest companies in the Russell 3000 Index.

The **S&P 500 Index** is widely regarded as the best single gauge of the U.S. equities market. The index includes a representative sample of 500 leading companies in leading industries of the U.S. economy. The S&P 500 Index® focuses on the large-cap segment of the market; however, since it includes a significant portion of the total value of the market, it also represents the market.

The **Nikkei 225 Stock Index** is a price-weighted index composed of Japan's top 225 blue-chip companies traded on the Tokyo Stock Exchange. The Nikkei is equivalent to the Dow Jones Industrial Average (DJIA) Index in the United States.

Indexes are unmanaged. The figures for the index reflect the reinvestment of all income or dividends, but do not reflect the deduction of any fees or expenses which would reduce returns. Investors cannot invest directly in indexes.

IMPORTANT INFORMATION

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

Past performance does not guarantee future results.

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.

Equities are subject to market risk meaning that stock prices in general may decline over short or extended periods of time. 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.

Transamerica Asset Management, Inc. (TAM) is an SEC-registered investment adviser that provides asset management, fund administration, and shareholder services for institutional and retail clients. The funds advised and sponsored by TAM include Transamerica Funds and Transamerica Series Trust. Transamerica Funds and Transamerica Series Trust are distributed by Transamerica Capital, Inc. (TCI), member FINRA. TAM is an indirect wholly owned subsidiary of Aegon Ltd., an international life insurance, pension, and asset management company.

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