

Transamerica Dividend Focused

Class A TDFAX | Class I TDFIX

Investment Objective

The fund seeks total return gained from the combination of dividend yield, growth of dividends and capital appreciation.

Sub-adviser

Barrow, Hanley, Mewhinney & Strauss, LLC (BHMS)

BARROW, HANLEY, MEWHINNEY & STRAUSS

Portfolio Managers

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Product Profile

A total return strategy that seeks the combination of dividend yield, growth of the dividend, and capital appreciation

- ➔ Focused on large- and medium-sized companies with 25 years of dividend history
- ➔ Contrarian approach that looks for stocks with attractive valuations
- ➔ Concentrated portfolio of approximately 35-45 stocks

Fund Facts

Inception Date (A-I)	01/04/13 - 01/04/13
Benchmark Index	Russell 1000® Value Index
Morningstar Category	Large Value
Lipper Category	Equity Income
Dividend Frequency	Quarterly

This material was prepared for general distribution. It is being provided for informational purposes only and should not be viewed as an investment recommendation. If you need advice regarding your particular investment needs, contact your financial professional.

Macroeconomic Overview

During the second quarter, global investors were presented with decidedly mixed signals as energy prices fell sharply, economic readings were positive but varied, and the U.S. Federal Reserve (Fed) initiated another rate hike. Globally, bond yields rose as economic measures improved and central banks generally took a tighter view of their monetary conditions. As investors witnessed recoveries around the world gaining on, or surpassing, growth in the U.S. economy, they favored foreign stock markets (especially emerging markets). After a strong run last year, the U.S. dollar is down more than 5% year-to-date, its worst two-quarter decline since 2011. This stands in sharp contrast to consensus expectations, as we began the year anticipating that the "Trump trade" would lead to improving U.S. economic growth (enhanced by tax reform, healthcare clarity, infrastructure spending, etc.), and higher interest rates. As is so often the case, a different scenario emerged to challenge the consensus view: Washington's dysfunction proved intractable, U.S. 10-year interest rates did not rise, but fell, and energy stocks declined dramatically. Collectively, these events led to a quarter in which non-U.S. and emerging market stocks outperformed U.S. stocks, and growth stocks strongly outperformed value stocks due, in part, to the dominance of a few technology companies known as the "FANG" stocks (Facebook, Amazon, Netflix, and Google/Alphabet).

Fund Overview

The Transamerica Dividend Focused fund outperformed the Russell 1000® Value Index during the quarter. On a sector level basis, our stock selection in industrials added most to our relative performance, and stock selection in energy, consumer staples and financials also contributed for the period. Stock selection in information technology and consumer discretionary detracted most from relative performance. During the second quarter of 2017, oil prices declined 11% and the energy sector was once again among the worst performing sectors, falling 6.4%. On an industry basis, oil service companies fell 23%, integrated oils were down 6%, and the exploration and production group was down 14%. Most of the share price declines occurred after the May 25 Organization of Petroleum Exporting Countries meeting, during which production cuts were extended to the end of the first quarter in 2018. Further, the market was disappointed that additional cuts were not made, in light of continued growth in U.S. unconventional oil production and an oil inventory oversupply that remains stubborn. This weighed on the shares of holdings ConocoPhillips (2.2% as of 6/30/2017), whose financial results are heavily weighted to oil prices.

Outlook

With high expectations against a backdrop of low volatility and complacency, investors now seem comfortable moving into equities – even after an eight-year bull market advance. Of equal concern is how they are choosing to access equity markets, primarily through passive alternatives including exchange-traded funds (ETFs). The percentage of U.S. passively managed assets has nearly doubled since the financial crisis, from 19% in 2009 to 37% today. One inherent danger of passive investing is owning every stock in an index or sector. The popularity of real estate investment trusts and utility ETFs two years ago drove valuations well above historical averages. Large inflows begin to equal outperformance and, as unwary investors can attest, the strong correlation between flows and performance remains when popularity drops.

Contributors*

Leading Contributors	Weight (%)	Return (%)	Contribution (%)
State Street Corp.	3.68	13.19	0.48
Sanofi, ADR	2.52	9.47	0.34
Southwest Airlines Co.	2.07	15.78	0.30

Detractors*

Leading Detractors	Weight (%)	Return (%)	Contribution (%)
ConocoPhillips	2.50	-11.78	-0.30
International Business Machines Corp.	2.21	-10.80	-0.29
Verizon Communications, Inc.	2.76	-7.30	-0.21

*Source: Morningstar Direct

**Not insured by FDIC or any federal government agency. May lose value.
Not a deposit or guaranteed by any bank, bank affiliate, or credit union.**

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Top 10 Holdings

	% of Holdings
State Street Corp.	4.26
Johnson & Johnson	4.19
Merck & Co., Inc.	4.18
Bank of America Corp.	3.59
JPMorgan Chase & Co.	3.57
Wells Fargo & Co.	3.55
Pfizer, Inc.	3.32
American Express Co.	3.25
Philip Morris International, Inc.	3.21
Phillips 66	3.20
Percentage of total portfolio	36.32

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	\$75.29 (B)
Weighted Average Market Cap	\$136.00 (B)

B = Billions

Total Return Performance (%)

	3 Mo	YTD	1 Yr	3 Yr*	5 Yr	10 Yr	Inception*
Class A (at NAV)	2.82	7.01	17.38	7.55	N/A	N/A	12.32
Class A (at POP)	-2.86	1.16	10.90	5.55	N/A	N/A	10.91
Class I (at NAV)	2.77	7.10	17.57	7.70	N/A	N/A	12.49
Russell 1000® Value Index	1.34	4.66	15.53	7.36	N/A	N/A	–

* Average Annual Total Return

Calendar Year Performance (%)

	2016	2015	2014	2013	2012	2011	2010
Class A (at NAV)	14.62	-2.95	11.00	N/A	N/A	N/A	N/A
Class I (at NAV)	14.81	-2.88	11.20	N/A	N/A	N/A	N/A
Russell 1000® Value Index	17.34	-3.83	13.45	N/A	N/A	N/A	N/A

Alpha

N/A

	Portfolio
Alpha	0.95
Beta	0.89
R-Squared	94.60
Standard Deviation	9.68

*Risk measures are in comparison to the fund's primary benchmark unless otherwise indicated. Based on Class A shares at NAV for the 3-year period.

Alpha is a coefficient measuring the portion of a fund's return arising from specific (non-market) risk. Historical **Beta** illustrates a fund's sensitivity to price movements in relation to a benchmark index. **R-Squared** is a statistical measure that represents the percentage of a fund's movements that can be explained by movements in a benchmark index. **Standard Deviation** is a statistical measurement that helps to gauge the fund's historical volatility.

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.

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.

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 0.97% and 0.81% for Class A and Class I shares, respectively. The net expense ratios for this fund are 0.97% and 0.81% for Class A and Class I shares, respectively. Contractual arrangements have been made with the fund's investment manager, Transamerica Asset Management, Inc. (TAM), through March 1, 2018.

Class I shares are primarily offered for investment to institutional investors including, but not limited to, fee-based programs, qualified retirement plans, certain endowment plans and foundations and Directors, Trustees and employees of the funds' affiliates.

The Russell 1000® Value 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. Russell Investment Group is the source and owner of the trademarks, service marks, and copyrights related to the Russell indexes. Russell® is a trademark of Russell Investment Group.

Focused funds are less diversified than other mutual funds; therefore, the performance of each holding in a focused fund has a greater impact upon the overall portfolio, which increases the risks associated with investing in the fund. Value investing carries the risk that the market will not recognize a security's intrinsic value for a long time or that a stock considered undervalued is actually appropriately priced. ADRs involve the same risk as foreign securities including currency fluctuations, adverse social and political developments, and relatively small size and lesser liquidity of the markets. Dividend income may vary depending on market performance and is not guaranteed. A company's future ability to pay dividends may be limited.

Before investing, consider the fund's investment objective, risks, charges, and expenses. Contact your financial professional or go to transamerica.com for a prospectus and/or summary prospectus with this information. Read it carefully.

Transamerica Funds are advised by Transamerica Asset Management, Inc. and distributed by Transamerica Capital, Inc.

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