

Transamerica Small Cap Core

Class A SCCAX | Class I ISMTX

Investment Objective

The fund seeks long-term capital appreciation.

Sub-adviser

Systematic Financial Management, L.P.
(Systematic)



Portfolio Managers

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Product Profile

A value-based strategy designed to seek capital appreciation with strong risk management

- ➔ Seasoned portfolio management team with experience managing small cap equities since 1993
- ➔ Disciplined investment approach designed to build a portfolio of small cap stocks through rigorous security ranking analysis based on fundamental factors
- ➔ In-depth research seeks attractive valuation and sustainable catalysts

Fund Facts

Inception Date (A-I)	03/10/17 - 03/10/17
Benchmark Index	Russell 2000® Index
Morningstar Category	Small Value
Lipper Category	Small-Cap Value
Dividend Frequency	Annually

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

The U.S. equity markets continued to grind higher in the second quarter, yet Systematic's Small Cap Core lagged the Russell 2000® Index as investor's hunger for "growth" stocks and passive/index funds, both of which served as meaningful headwinds for their fundamental and valuation focused discipline, continued. The Russell 2000® Growth outpaced the Russell 2000® Value by nearly 4% for the quarter, bringing its outperformance on a year-to-date basis to over 9%. On a trailing 10 year basis the Russell 2000® Growth index is now ahead of the Russell 2000® Value by an average of nearly 2% per year. To put this in context, over all the quarterly rolling 10 year periods (343 since the inception of the indexes in 1978), on average the Russell 2000® Value outperforms the Russell 2000® Growth by approximately 4% per year. To further make the point, this current result is in the 93rd percentile, meaning that the Value Index has done better than this relative to the Growth Index over 90% of the time. Systematic's work, and that of numerous others, has shown that price matters over time, likely more than anything else. The second dynamic gripping the markets of the recent past has been the relatively uninterrupted flows into passive/index funds. Because these funds are agnostic to company fundamentals and valuation, a dollar flowing in is simply invested pro-rata according to whatever weighting scheme is used. This is truly an example where a rising tide (flows into the funds) lifts all boats (the individual stocks in the index). It's their opinion, and that of many others, that what matters most over time are economic fundamentals.

Fund Overview

Given the challenges outlined above, Systematic's Small Cap Core lagged the Russell 2000® Index. Relative to the Russell® 2000 Index, sector weightings detracted from results primarily due to an overweight in the energy sector. In addition, stock selection, while additive within the materials and health care sectors, picks within the consumer discretionary, industrials and information technology accounted for the majority of the shortfall relative to the Index.

Outlook

Systematic has done substantial amounts of research on their discipline over long periods of time and much of their research is confirmed by the research of others as well. While their discipline has faced headwinds in the recent past, it does not mean that things are "different this time". In fact, while it may be uncomfortable in the short run, Systematic believes that the ability to stick with a well thought out strategy when times are difficult is a major key to long term investment success. They remain committed to their fundamental and valuation focused strategy, and are confident that it will be rewarded over time.

Contributors*

Leading Contributors	Weight (%)	Return (%)	Contribution (%)
Molina Healthcare, Inc.	0.38	51.71	0.16
Lantheus Holdings, Inc.	0.35	41.20	0.15
iRobot Corp.	0.25	43.29	0.15

Detractors*

Leading Detractors	Weight (%)	Return (%)	Contribution (%)
Aegean Marine Petroleum Network, Inc.	0.25	-51.29	-0.18
Ensco PLC, Class A	0.29	-42.26	-0.15
Rowan Cos. PLC	0.30	-34.27	-0.12

*Source: Morningstar Direct

**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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Top 10 Holdings

	% of Holdings
Wesco Aircraft Holdings, Inc.	0.39
Worthington Industries, Inc.	0.39
Bankrate, Inc., Class A	0.39
Tech Data Corp.	0.39
Nu Skin Enterprises, Inc., Class A	0.39
ManTech International Corp., Class A	0.39
Renewable Energy Group, Inc.	0.39
Schnitzer Steel Industries, Inc., Class A	0.39
LHC Group, Inc.	0.38
U.S. Steel Corp.	0.38
Percentage of total portfolio	3.88

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	\$1.40 (B)
Weighted Average Market Cap	\$1.89 (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 1.44% and 1.12% for Class A and Class I shares, respectively. The net expense ratios for this fund are 1.32% and 1.07% 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.

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 Russell 2000® 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.

Small capitalization companies may have less experienced management, unpredictable earnings growth, and limited product lines, which can cause their share prices to fluctuate more than those of larger firms. 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.

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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Total Return Performance (%)

	3 Mo	YTD	1 Yr	3 Yr*	5 Yr	10 Yr	Inception*
Class A (at NAV)	-1.04	N/A	N/A	N/A	N/A	N/A	1.42
Class A (at POP)	-6.45	N/A	N/A	N/A	N/A	N/A	-4.18
Class I (as NAV)	-1.03	N/A	N/A	N/A	N/A	N/A	1.41
Russell 2000® Index	2.46	N/A	N/A	N/A	N/A	N/A	-

* Average Annual Total Return

Calendar Year Performance (%)

	2016	2015	2014	2013	2012	2011	2010
Class R4 (at NAV)	23.08	-9.72	3.94	33.23	14.84	-2.47	29.65
Russell 2000® Index	21.31	-4.41	4.89	38.82	16.35	-4.18	26.85

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.

Risk Measures*

3 years

	Portfolio
Alpha	-3.34
Beta	0.91
R-Squared	91.30
Standard Deviation	14.64

*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.