

# Transamerica Capital Growth

Class A IALAX | Class I TFOIX

## Investment Objective

The fund seeks to maximize long-term growth.

## Sub-adviser

Morgan Stanley Investment Management Inc. (Morgan Stanley)

## Morgan Stanley Investment Management

## Portfolio Managers

Dennis P. Lynch  
 Sam G. Chainani, CFA  
 David S. Cohen  
 Armistead B. Nash  
 Alexander T. Norton  
 Jason C. Yeung, CFA

## Product Profile

A focused, concentrated large-cap growth portfolio that emphasizes growth

- ➔ Consistent management team stresses collaboration, creativity, and development
- ➔ Long-term focus in short-term world creates high conviction, low turnover portfolio of quality large-cap growth stocks
- ➔ Emphasizes business sustainability, balance-sheet quality, and clear growth potential

## Fund Facts

|                      |                            |
|----------------------|----------------------------|
| Inception Date (A-I) | 11/13/09 - 11/30/09        |
| Benchmark Index      | Russell 1000® Growth Index |
| Morningstar Category | Large Growth               |
| Lipper Category      | Large-Cap Growth Funds     |
| 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

Large cap growth stocks advanced during the quarter, with utilities the best performing sector in the Russell 1000 Growth® Index. Consumer staples posted a decline and was the greatest underperformer in the index. The fund slightly underperformed the Russell 1000 Growth® Index this quarter as favorable sector allocation was more than offset by mixed stock selection. Morgan Stanley continues to focus on bottom-up stock selection and the long-term outlook for companies owned in the portfolio.

## Fund Overview

Stock selection in health care and consumer discretionary accounted for the majority of the underperformance this quarter. Dexcom, Inc. (1.05% as of 9/30/17), a leading maker of continuous glucose monitoring devices used by diabetics, was the greatest detractor across the portfolio; its shares slumped on concerns of increasing competition following news that a competing device received approval from the US Food and Drug Administration (FDA). athenahealth, Inc. (3.40% as of 9/30/17), which provides software-as-a-service to healthcare providers, also detracted. The company announced solid results and a strategic review of its business that aims to improve profitability over time; however the shares declined on concerns around customer retention in the hospital market and potentially slowing revenue growth. Within these areas the weakness in these and other holdings was partly offset by strength in Illumina, a leader in genetic testing and analysis, and surgical robotics maker Intuitive Surgical, Inc. (3.59% as of 9/30/17), which were among the top contributors in the portfolio due to continued strong execution. Stock selection in industrials and materials also weighed on relative results to lesser extent. Conversely, stock selection and sector allocation in information technology and a lack of exposure to consumer staples were most accretive to relative performance. Energy, financials, real estate, telecommunication services, and utilities each had a negligible impact on relative results over this period.

## Outlook

Morgan Stanley believes having a market outlook can be an anchor. Their focus is on assessing company prospects over three to five years, and owning a portfolio of high quality companies with sustainable competitive advantages and diverse business drivers not tied to a particular market environment.

## Contributors\*

| Leading Contributors     | Weight (%) | Return (%) | Contribution (%) |
|--------------------------|------------|------------|------------------|
| Facebook, Inc. Class A   | 8.37       | 13.17      | 1.07             |
| Illumina, Inc.           | 5.21       | 14.80      | 0.76             |
| Mastercard, Inc. Class A | 4.27       | 16.47      | 0.64             |

## Detractors\*

| Leading Detractors | Weight (%) | Return (%) | Contribution (%) |
|--------------------|------------|------------|------------------|
| DexComm Inc.       | 1.37       | -33.12     | -0.54            |
| athenahealth, Inc. | 3.55       | -11.52     | -0.44            |
| Starbucks Corp.    | 4.86       | -7.47      | -0.38            |

\*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 |
|--------------------------------------|---------------|
| Amazon.com, Inc.                     | 7.55          |
| Alphabet, Inc., Class C              | 6.16          |
| Facebook, Inc., Class A              | 6.02          |
| salesforce.com, Inc.                 | 4.98          |
| Starbucks Corp.                      | 4.95          |
| Illumina, Inc.                       | 4.89          |
| United Technologies Corp.            | 3.75          |
| Berkshire Hathaway, Inc., Class B    | 3.74          |
| S&P Global, Inc.                     | 3.65          |
| Veeva Systems, Inc., Class A         | 3.65          |
| <b>Percentage of total portfolio</b> | <b>49.34</b>  |

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           | \$39.51 (B)  |
| Weighted Average Market Cap | \$147.00 (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.

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 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 1.23% and 0.94% for Class A and Class I shares, respectively. The net expense ratios for this fund are 1.23% and 0.94% 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.**

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.

The Russell 1000® Growth 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.

Returns on growth stocks may not move in tandem with return on other categories of stocks or the market as a whole. Growth stocks may be particularly susceptible to larger price swings or to adverse developments. 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.

**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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MQCMSCG1017

## Total Return Performance (%)

|                            | 3 Mo  | YTD   | 1 Yr  | 3 Yr* | 5 Yr* | 10 Yr**† | Inception* |
|----------------------------|-------|-------|-------|-------|-------|----------|------------|
| Class A (at NAV)           | 4.63  | 34.01 | 23.16 | 13.56 | 17.95 | N/A      | 15.92      |
| Class A (at POP)           | -1.10 | 26.63 | 16.39 | 11.44 | 16.63 | N/A      | 15.08      |
| Class I (as NAV)           | 4.69  | 34.30 | 23.47 | 13.88 | 18.35 | N/A      | 16.70      |
| Russell 1000® Growth Index | 5.90  | 20.72 | 21.94 | 12.69 | 15.26 | N/A      | –          |

\* Average Annual Total Return

## Calendar Year Performance (%)

|                            | 2016  | 2015  | 2014  | 2013  | 2012  | 2011  | 2010  |
|----------------------------|-------|-------|-------|-------|-------|-------|-------|
| Class A (at NAV)           | -3.08 | 11.56 | 5.69  | 48.22 | 14.66 | -5.71 | 27.62 |
| Class I (as NAV)           | -2.85 | 11.89 | 6.02  | 48.96 | 15.28 | -5.26 | 28.06 |
| Russell 1000® Growth Index | 7.08  | 5.67  | 13.05 | 33.48 | 15.26 | 2.64  | 16.71 |

† Synthetic Return. The performance of Class A shares prior to 11/13/09 reflects the performance of the former Class P shares, restated to reflect the fees and expenses of Class A, without the effect of any fee and expense limitations. The Class P share performance is based on the history from the Transamerica Premier Focus Fund (inception 06/30/97), offering only Investor Class shares. On February 10, 2012, all Class P shares were converted into Class I shares of the fund.

## Risk Measures\*

3 years

|                    |       |
|--------------------|-------|
| Alpha              | -1.19 |
| Beta               | 1.17  |
| R-Squared          | 69.70 |
| Standard Deviation | 14.92 |

\*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.