

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

Ray Nixon, Jr.
Brian Quinn, CFA
Lewis Ropp

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 Funds
Dividend Frequency	Quarterly

Macroeconomic Overview

Stock markets posted well above average returns for the quarter, led (once again) by growth stocks and in particular technology stocks. Enthusiasm and bullishness ran high during the quarter as prospects for substantial tax reform grew and then came to fruition. The best performing sectors for the quarter were consumer discretionary, technology and financials. Financials rallied disproportionately on the prospect of both regulation and tax reform. Bond proxy sectors continued to lag for the quarter, including telecommunication services, real estate and utilities. Energy shares underperformed only modestly as oil prices rose to two and a half year highs.

Fund Overview

Transamerica Dividend Focused outperformed the with the Russell 1000® Value during the fourth quarter of 2017. On a sector level basis, stock selection within consumer staples was the greatest contributor to performance. Also posting positive returns and benefiting performance was BHMS' stock selection, relative to the benchmark, within the energy sector as well as allocation combined with performance within utilities. Stock selection within health care and consumer discretionary detracted most from relative performance as did an underweight allocation, relative to the benchmark, in the outperforming information technology sector.

Outlook

Investor enthusiasm about 2018 is high. Economies in the U.S. and around the globe are sending strong signals of continued acceleration, which will drive profits. Additionally, the recently-enacted U.S. tax reform has prompted some strategists to predict that 2018 earnings growth could approach 20%. When a combination of such a robust outlook with well above-average recent returns and well below-average measures of risk and volatility, it's easy to see why many investors are bullish. In addition to the bullishness, it appears that many are also complacent. After extended bull markets, investor bullishness typically becomes extreme for the areas of the market that have already worked. In this cycle, that has clearly been growth stocks and passive indices and exchange-traded funds. A huge driver of the current bull market has been massive central bank liquidity, both here and around the world. The market has entered the unwinding phase – central banks have begun taking away the party punch. If markets cannot rely on continued easy money policies as an incentive to drive valuations higher, investors must once again look at earnings and fundamentals of the underlying companies. BHMS remains confident that their conservative, defensive style of investing is a proven one. Importantly, BHMS' process also provides downside protection by focusing on undervalued companies with strong fundamentals and a meaningful and growing dividend. If markets fall, or produce modest returns compared to the past eight years, BHMS' strategy typically outperforms.

Contributors*

Leading Contributors	Weight (%)	Return (%)	Contribution (%)
Wal-Mart Stores, Inc.	3.57	27.04	0.83
Bank of America Corp.	4.12	16.99	0.66
JPMorgan Chase & Co.	3.86	12.61	0.47

Detractors*

Leading Detractors	Weight (%)	Return (%)	Contribution (%)
Merck & Co, Inc.	3.20	-11.37	-0.42
General Electric Co.	1.16	-27.34	-0.34
Sanofi SA, ADR	1.77	-13.64	-0.27

*Source: Morningstar Direct

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.

**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.**

Transamerica Dividend Focused

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Top 10 Holdings

	% of Holdings
State Street Corp.	4.35
Bank of America Corp.	4.32
JPMorgan Chase & Co.	4.00
Wells Fargo & Co.	3.86
Wal-Mart Stores, Inc.	3.77
DowDuPont, Inc.	3.69
Johnson & Johnson	3.67
American Express Co.	3.57
Pfizer, Inc.	3.55
Phillips 66	3.50
Percentage of total portfolio	38.28

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	\$68.65 (B)
Weighted Average Market Cap	\$141.00 (B)

B = Billions

Total Return Performance (%)

	3 Mo	YTD	1 Yr	3 Yr*	5 Yr	10 Yr	Inception*
Class A (at NAV)	5.40	15.90	15.90	8.84	N/A	N/A	12.80
Class A (at POP)	-0.43	9.58	9.58	6.80	N/A	N/A	11.53
Class I (at NAV)	5.37	16.14	16.14	9.00	N/A	N/A	12.98
Russell 1000® Value Index	5.33	13.66	13.66	8.65	N/A	N/A	–

* Average Annual Total Return

Calendar Year Performance (%)

	2017	2016	2015	2014	2013	2012	2011
Class A (at NAV)	15.90	14.62	-2.95	11.00	N/A	N/A	N/A
Class I (at NAV)	16.14	14.81	-2.88	11.20	N/A	N/A	N/A
Russell 1000® Value Index	13.66	17.34	-3.83	13.45	N/A	N/A	N/A

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 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 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.

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.

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