

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

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.

Macroeconomic Overview

In the third quarter, U.S. stocks posted their best quarterly performance in five years. Value benchmarks trailed both the growth benchmarks and the S&P 500® as technology stocks remained ascendant. U.S. stocks have decoupled from the rest of the world, as both non-U.S. developed and emerging markets posted negative returns year-to-date. Further, the bond returns make clear that bonds have not offered a safe haven in the wake of the U.S. Federal Reserve's (Fed) three interest rate hikes. Neither has this environment of rising interest rates been the anticipated panacea for financials sector stocks. The sector rose during the third quarter, but has struggled to gain year-to-date, giving back the majority of relative outperformance it had enjoyed since interest rates bottomed more than two years ago. Technology stocks' performance has remained dominant, and health care, industrials, and consumer discretionary sectors joined as outperformers in the quarter. Conversely, the "bond proxy" sectors such as real estate, utilities, and consumer staples have faltered as rising interest rates prompted investors to look elsewhere. In this environment, the market has grown increasingly narrow. Only three sectors have measurably outperformed the S&P 500® year-to-date: technology, up 25%; consumer discretionary, up 22%; and, health care, up 17%; these sectors' returns have dramatically outpaced the rest of the market. When markets become this narrow, it often indicates valuations for certain market favorites have become extreme relative to a basket of less popular, solid companies. This was witnessed in the late 90s' tech bubble and is being seen again today.

Fund Overview

Transamerica Dividend Focused slightly underperformed the Russell 1000® Value Index during the third quarter. On a sector basis versus the Russell 1000® Value Index, stock selection within health care added to relative performance as did the Fund's continued underweight to the real estate sector. Stock selection and a relative overweight allocation within energy detracted from relative performance as did performance of holdings in financials and the consumer discretionary sector.

Outlook

With the stock market setting new records and the economy nearing its longest expansionary period in history, investor optimism is high. Money continues to flow into passive benchmarks and Exchange Traded Funds, with a large weighting to what has already worked: technology and FANG stocks. Instead of the performance gap narrowing for many of these growth stocks relative to their value counterparts, the gap in performance and valuations has widened to extreme levels. It is often clear in hindsight what will challenge these stocks' hegemony, but it will likely include increased regulatory scrutiny. Until that happens, BHMS is patiently and methodically executing their value process, knowing that a cycle of value stock outperformance will follow. Growth investing often benefits from slow economic growth and low interest rates – prominent features of the investment landscape during the bull market of the past 9+ years. Conversely, value stocks typically benefit from better economic growth, which has been robust and accelerating. Additionally, value stocks tend to outperform growth in rising interest rate environments. As always, BHMS seek stocks with meaningful valuation discounts to the overall market and those with the potential to return to normalized profitability that are underappreciated by investors, a sharp contrast to many of the highly-valued growth stocks with high expectations for future profit growth.

Contributors*

Leading Contributors	Weight (%)	Return (%)	Contribution (%)
Pfizer, Inc.	4.13	22.51	0.88
CVS Health Corp.	2.42	23.26	0.49
Southwest Airlines Co.	2.11	23.06	0.46

Detractors*

Leading Detractors	Weight (%)	Return (%)	Contribution (%)
General Electric Co.	2.62	-16.26	-0.52
State Street Corp.	3.24	-9.50	-0.34
Schlumberger, Ltd.	2.41	-8.38	-0.28

*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
Pfizer, Inc.	4.32
JPMorgan Chase & Co.	3.75
Wells Fargo & Co.	3.67
American Express Co.	3.42
United Technologies Corp.	3.40
ConocoPhillips	3.39
DowDuPont, Inc.	3.39
CVS Health Corp.	3.27
US Bancorp	3.17
State Street Corp.	3.15
Percentage of total portfolio	34.93

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	\$89.95 (B)
Weighted Average Market Cap	\$129.71 (B)

B = Billions

Total Return Performance (%)

	3 Mo	YTD	1 Yr	3 Yr*	5 Yr*	10 Yr	Inception*
Class A (at NAV)	4.31	1.20	6.67	12.27	9.76	N/A	11.27
Class A (at POP)	-1.42	-4.40	0.77	10.16	8.52	N/A	10.18
Class I (at NAV)	4.27	1.31	6.75	12.43	9.93	N/A	11.45
Russell 1000® Value Index	5.70	3.92	9.45	13.55	10.72	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 1.01% and 0.84% for Class A and Class I shares, respectively. The net expense ratios for this fund are 1.01% and 0.84% for Class A and Class I shares, respectively. Contractual arrangements (if applicable) have been made with the fund's investment manager, Transamerica Asset Management, Inc. (TAM), through March 1, 2019.

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 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.

Mutual funds are subject to market risk, including the loss of principal. Past performance is not indicative of future results.

Mutual Funds are sold by prospectus. Before investing, consider the funds' investment objectives, risks, charges, and expenses. This and other important information is contained in the prospectus. Please go to www.transamerica.com or contact your financial professional to obtain a prospectus or, if available, a summary prospectus containing this information. Please read it carefully before investing.

Transamerica Funds are advised by Transamerica Asset Management, Inc. (TAM) and distributed by Transamerica Capital, Inc. (TCI) member of FINRA.

TAM and Barrow, Hanley, Mewhinney & Strauss, LLC are not affiliated companies.

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