

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
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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

Macroeconomic Overview

Over the past quarter, investor sentiment has shifted dramatically as the complacent consensus has been called into question. After a long bull market (since 2009) and a year (2017) in which the market went straight up without interruption, investor sentiment was strongly bullish. The market had risen so steadily and gently that volatility measures were near record lows and complacency was high. Volatility returned with a vengeance in the first quarter of 2018, as the S&P 500® had 23 daily moves of greater than 1% versus only eight in the entire year of 2017. After a meaningfully higher January led by technology stocks, the last two months of the quarter were volatile and decidedly negative. Most benchmarks were negative for the quarter, and many indices posted their first down quarter in 2 ½ years. There were very few places to hide, as bonds were also down, and the yield curve reached its flattest level in seven years. Within U.S. equities, the sell-off was largely indiscriminate, as correlations spiked up and only two of eleven sectors in the S&P 500® beat the broad market: consumer discretionary and technology. Technology stocks were very strong in January, which allowed them to lead for the quarter despite a dramatic sell-off in some of the largest technology stocks during the last weeks of the quarter. Some of the worst-performing sectors were the “bond proxy” sectors, such as telecom, utilities, real estate, and consumer staples, as the prospect of higher interest rates weighed on these stocks.

Fund Overview

Transamerica Dividend Focused (Fund) slightly underperformed the Russell 1000® Value Index during the first quarter but maintained a performance advantage versus the index over the past year. On a sector basis versus the value index, stock selection within financials and energy added to relative performance as did continued underweight to the real estate and utilities sectors. Stock selection within technology, industrials and consumer staples detracted from relative performance.

Outlook

The turbulence in the markets over the past quarter marks a definitive turning point for investors that last year shrugged off many events (i.e., North Korean posturing, natural disasters, political tumult, and North American Free Trade Agreement). Many risks remain for equity and bond markets both here and around the globe, some of which began to unfold in the first quarter. Markets around the globe are trading at above-average valuations. Nearly 90% of global equity markets are trading above their 5-year average. Market returns will be much more reliant on earnings growth and dividends than in previous years. As always, BHMS seeks 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. BHMS's value process is built for the long-run and their long-term track record of outperformance more closely resembles the long-term components of return than those of the current nine-year bull market. Additionally, BHMS's process has historically added the most value in moderate and down markets.

Contributors*

Leading Contributors	Weight (%)	Return (%)	Contribution (%)
XL Group, Ltd.	2.30	57.79	1.05
Raytheon Co.	2.49	15.38	0.35
ConocoPhillips	2.87	8.61	0.25

Detractors*

Leading Detractors	Weight (%)	Return (%)	Contribution (%)
Wells Fargo & Co.	3.81	-13.10	-0.50
General Electric Co.	1.87	-22.11	-0.45
Adient PLC	1.38	-23.80	-0.39

*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
Bank of America Corp.	4.67
JPMorgan Chase & Co.	4.36
Pfizer, Inc.	3.69
Walmart, Inc.	3.61
Johnson & Johnson	3.58
American Express Co.	3.56
Wells Fargo & Co.	3.54
Phillips 66	3.53
DowDuPont, Inc.	3.51
BP PLC, ADR	3.50
Percentage of total portfolio	37.55

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	\$70.48 (B)
Weighted Average Market Cap	\$135.00 (B)

B = Billions

Total Return Performance (%)

	3 Mo	YTD	1 Yr	3 Yr*	5 Yr	10 Yr	Inception*
Class A (at NAV)	-3.61	-3.61	7.35	7.48	10.25	N/A	11.38
Class A (at POP)	-8.94	-8.94	1.42	5.48	9.00	N/A	10.18
Class I (at NAV)	-3.50	-3.50	7.53	7.66	10.44	N/A	11.57
Russell 1000® Value Index	-2.83	-2.83	6.95	7.88	10.78	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.

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