

# Transamerica Emerging Markets Equity

Class A AEMTX | Class I IEMTX

## Investment Objective

The fund seeks long-term capital appreciation.

## Sub-adviser

ClariVest Asset Management LLC  
(ClariVest)



## Portfolio Managers

Stacey Nutt  
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## Product Profile

Well diversified strategy designed to integrate country, sector, stock, and currency selection

- ➔ Disciplined process focused on undiscovered earnings growth
- ➔ Picks stocks that consider both the analysis of individual companies and their place in the broader market
- ➔ Concentrated, high conviction strategy driven through stock selection

## Fund Facts

|                      |                              |
|----------------------|------------------------------|
| Inception Date (A-I) | 04/30/12 - 04/30/12          |
| Benchmark Index      | MSCI Emerging Markets Index  |
| Morningstar Category | Diversified Emerging Markets |
| Lipper Category      | Emerging Markets             |
| Dividend Frequency   | Annually                     |

## Macroeconomic Overview

Emerging markets were positive for the first quarter of 2018, with the MSCI Emerging Markets Index returning 1.47%, bringing performance for the trailing twelve months to 24.93%. Global equity markets, as measured by the MSCI World Index, fell -1.28% during the first quarter of 2018. January's record highs gave way to fear of a trade war, a more hawkish U.S. Federal Reserve (Fed), and the long-awaited return of volatility. In addition, a swift retreat, mid-quarter, in the technology names that led the market in 2017 rattled investors and motivated many to shift from a 'risk on' to a 'risk off' approach. In Asia, the tailwinds of global growth and an expanding middle class in the region are outpacing concerns around high debt levels, particularly in China. As always, the risk of a China slowdown remains. However, the recent consolidation of the government, and removal of term limits for General Secretary Xi Jinping, suggests this risk has mitigated. The Chinese government announced that it expects the economic expansion will continue, reiterating its 6.5% GDP growth target for 2018.

## Fund Overview

Transamerica Emerging Markets Equity outperformed its benchmark over the first quarter of 2018. Stock selection contributed the majority of performance, while sector allocation was modestly negative. Stock selection was strongest within materials and industrials, and weakest within consumer discretionary and health care. Underweights to telecommunication services and consumer staples contributed to performance while an overweight to consumer discretionary and an underweight to health care detracted from performance. Regarding countries, both stock selection and country allocation were positive where stock selection within countries contributed the majority of performance. Stock selection was strongest within Taiwan and Brazil, and weakest within South Africa and Poland. An overweight to Brazil and an underweight to the Philippines helped performance while an underweight to Russia and an overweight to Turkey detracted from performance.

## Outlook

The market of 2017, which let negative news just roll off its back, now appears to have given way to one that is more sensitive to a variety of issues, including ongoing political turmoil, White House personnel shakeups, tariff announcements, data breaches, etc. But as ClariVest noted, last year was the exception; this year is closer to the norm. Sticking with a long-term investment approach is certainly more difficult to do when the market isn't going straight up. However, sell offs and increased volatility are indicative of a healthier investing environment which could help extend the current growth cycle. Valuations, which were somewhat extended at the end of 2017, have had the chance to consolidate, in part due to the market correction, but also the strength in corporate earnings, and therefore our outlook for 2018 remains net positive.

## Contributors\*

| Leading Contributors                              | Weight (%) | Return (%) | Contribution (%) |
|---------------------------------------------------|------------|------------|------------------|
| Taiwan Semiconductor Manufacturing Co., Ltd., ADR | 4.63       | 10.37      | 0.52             |
| Hiwin Technologies Corp.                          | 1.74       | 32.17      | 0.52             |
| Alibaba Group Holding, Ltd., ADR                  | 3.97       | 6.44       | 0.35             |

## Detractors\*

| Leading Detractors                         | Weight (%) | Return (%) | Contribution (%) |
|--------------------------------------------|------------|------------|------------------|
| Naspers, Ltd., N Shares                    | 2.83       | -15.05     | -0.48            |
| Samsung Electronics Co., Ltd.              | 4.69       | -2.80      | -0.26            |
| Brilliance China Automotive Holdings, Ltd. | 1.04       | -21.94     | -0.25            |

\*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 |
|---------------------------------------------------|---------------|
| Tencent Holdings, Ltd.                            | 6.25          |
| Samsung Electronics Co., Ltd.                     | 4.66          |
| Taiwan Semiconductor Manufacturing Co., Ltd., ADR | 4.53          |
| Alibaba Group Holding, Ltd., ADR                  | 3.77          |
| Naspers, Ltd., N Shares                           | 2.52          |
| China Construction Bank Corp., Class H            | 2.34          |
| Hiwin Technologies Corp.                          | 1.95          |
| SK Hynix, Inc.                                    | 1.93          |
| America Movil SAB de CV, Class L, ADR             | 1.63          |
| Vale SA, ADR                                      | 1.57          |
| <b>Percentage of total portfolio</b>              | <b>31.15</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           | <b>\$41.26 (B)</b>  |
| Weighted Average Market Cap | <b>\$154.00 (B)</b> |

B = Billions

## Total Return Performance (%)

|                  | 3 Mo  | YTD   | 1 Yr  | 3 Yr* | 5 Yr* | 10 Yr | Inception* |
|------------------|-------|-------|-------|-------|-------|-------|------------|
| Class A (at NAV) | 3.84  | 3.84  | 24.17 | 6.78  | 4.00  | N/A   | 3.60       |
| Class A (at POP) | -1.86 | -1.86 | 17.33 | 4.77  | 2.83  | N/A   | 2.62       |
| Class I (at NAV) | 3.91  | 3.91  | 24.59 | 7.19  | 4.37  | N/A   | 3.95       |
| MSCI EMI         | 1.47  | 1.47  | 25.37 | 9.21  | 5.37  | N/A   | -          |

\* Average Annual Total Return

## Calendar Year Performance (%)

|                  | 2017  | 2016  | 2015   | 2014  | 2013  | 2012 | 2011 |
|------------------|-------|-------|--------|-------|-------|------|------|
| Class A (at NAV) | 37.16 | 7.77  | -20.36 | 0.38  | -1.62 | N/A  | N/A  |
| Class I (at NAV) | 37.62 | 8.19  | -20.06 | 0.71  | -1.27 | N/A  | N/A  |
| MSCI EMI         | 37.75 | 11.60 | -14.60 | -1.82 | -2.27 | 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.

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 1.59% and 1.27% for Class A and Class I shares, respectively. The net expense ratios for this fund are 1.59% and 1.27% 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 MSCI Emerging Markets Index (MSCI EMI) 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.

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. The risks of investing in foreign securities are magnified in emerging markets. These may include risks related to market and currency volatility, adverse social and political developments, and the relatively small size and less liquidity of these markets.

**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.**

**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](http://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. and distributed by Transamerica Capital, Inc.

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