

Transamerica Large Cap Value

Class A TWQAX | Class I TWQIX

Investment Objective

The fund seeks long-term capital appreciation.

Sub-adviser

Levin Capital Strategies, L.P. (Levin)



Portfolio Managers

John Levin
Jack Murphy

Product Profile

A portfolio designed to focus on quality stocks at undervalued prices

- ➔ Contrarian and value-oriented investment philosophy
- ➔ Concentrated approach
- ➔ Research based on fundamental bottom-up stock picking focused on buying quality companies when their stock prices are down
- ➔ Risk management based on incremental buying and selling, rather than market timing

Fund Facts

Inception Date (A-I)	11/15/10 - 11/15/10
Benchmark Index	Russell 1000® Value Index
Morningstar Category	Large Value
Lipper Category	Large-Cap Value
Dividend Frequency	Quarterly

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.

Macroeconomic Overview

The first quarter of 2018 saw a return of substantial market volatility after a long hiatus. Despite strong performance in January, the Russell 1000® Value Index fell -2.8% during the quarter. At one point (March 23), the Russell 1000® Value Index on a closing basis was down -10.5% from its high (January 26), constituting an “unofficial” correction. Interestingly, the two best performing sectors for the second straight quarter were technology (+6.1%) and financials (-1.2%); the worst performing sector was consumer staples (-8.4%). The degree to which technology outperformed all the other sectors reflects the narrowness of market leadership during this period, especially among the large cap technology stocks that have led the market for some time. Reasons for the market decline include heightened concerns over inflation beginning late January, proposed tariffs and threats of a trade war by the Trump administration in March, and very early signs of stress in world financial markets such as increases in short term interest rates and a flattening yield curve. While Levin believes these concerns are legitimate, market fundamentals are still fairly constructive. Interest rates in general remain low, the U.S. and major world economies continue to show solid growth, and corporate cash flows remain robust, helped in part by the new U.S. tax law. A few companies have indicated that demand growth has diminished slightly, but it is too soon to tell if this is a blip or the start of a trend.

Fund Overview

Transamerica Large Cap Value (Fund) underperformed the benchmark marginally during the March quarter. The small underperformance was due to stock selection as opposed to sector allocation. Levin’s approach to stock selection is to use bottom-up fundamental research to identify quality businesses selling below their intrinsic worth and that are led by management teams focused on creating shareholder value through strategic actions and prudent capital deployment. Two of the Fund’s largest positions as of March 31, 2018 exemplify this approach: integrated oil company Occidental Petroleum Corp. (Occidental) and branded food company Post Holdings, Inc. (Post). In Levin’s opinion, Occidental has a leading position in the attractive Permian Basin of West Texas/New Mexico, a low cash flow breakeven point (approximately \$48 per barrel), a high dividend yield (about 4.7%), and impressive forecasted annual production growth of 5 to 8%. Post’s traditional cereal business, in Levin’s view, has weighed down its valuation and overshadowed its other more valuable food businesses. Post’s proven shareholder friendly management team is in position to make strategic decisions in the foreseeable future to unlock some of this value.

Outlook

During the first quarter of 2018, growth stocks, especially large capitalization, momentum driven technology stocks, again outperformed value. This is a continuation of a general trend in recent years, although the month of March saw a slight reversal. The growth vs. value proposition runs in cycles, and historically Levin’s best periods of relative performance have been during periods where value outperforms growth. Levin’s bottom-up research approach precludes attempts at market timing. Still, Levin’s contrarian and contra-momentum investment style is intended to dampen portfolio risk somewhat during periods of high market volatility. Periods of rapid price changes often lead to certain stocks becoming more overvalued or undervalued, potentially creating more opportunities to identify stocks that meet their strict investment criteria. Levin also believes their approach is well suited for today when revenue growth has been low but free cash flow strong for many companies, and merger and acquisition activity remains healthy.

Contributors*

Leading Contributors	Weight (%)	Return (%)	Contribution (%)
Nokia Oyj ADR	4.28	17.38	0.94
Intel Corp.	2.66	13.58	0.31
Huntington Bancshares, Inc.	1.30	9.20	0.22

Detractors*

Leading Detractors	Weight (%)	Return (%)	Contribution (%)
Treehouse Foods, Inc.	3.54	-22.62	-0.89
Occidental Petroleum Corp.	5.21	-10.73	-0.60
General Motors Co.	3.26	-10.45	-0.44

*Source: Morningstar Direct

Transamerica Large Cap Value

Class A TWQAX | Class I TWQIX

Top 10 Holdings

	% of Holdings
Occidental Petroleum Corp.	5.21
Post Holdings, Inc.	5.00
AT&T, Inc.	4.70
Eaton Corp. PLC	4.61
Citigroup, Inc.	4.37
JPMorgan Chase & Co.	4.35
Pfizer, Inc.	4.18
American International Group, Inc.	3.85
General Motors Co.	3.77
Bank of America Corp.	3.69
Percentage of total portfolio	43.73

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	\$50.30 (B)
Weighted Average Market Cap	\$120.00 (B)

B = Billions

Total Return Performance (%)

	3 Mo	YTD	1 Yr	3 Yr*	5 Yr*	10 Yr	Inception*
Class A (at NAV)	-3.40	-3.40	5.17	9.51	12.12	N/A	12.79
Class A (at POP)	-8.69	-8.69	-0.62	7.47	10.86	N/A	11.93
Class I (at NAV)	-3.30	-3.30	5.55	9.84	12.44	N/A	13.16
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)	12.05	21.60	2.11	8.58	35.48	16.30	-1.38
Class I (as NAV)	12.38	21.86	2.38	8.96	35.84	16.86	-0.96
Russell 1000® Value Index	13.66	17.34	-3.83	13.45	32.53	17.51	0.39

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 1.06% and 0.79% for Class A and Class I shares, respectively. The net expense ratios for this fund are 1.06% and 0.79% 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.

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. Value investing carries the risk that the market will not recognize a security's intrinsic value for a long time or that an undervalued stock is actually appropriately priced. The fund may be more concentrated than that of a more diversified fund, subjecting it to greater fluctuation and risk.

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 or contact your financial professional to obtain a prospectus or, if available, a summary prospectus containing this information. Please read it carefully before investing.