

# 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

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## Macroeconomic Overview

During the September quarter, the Russell 1000® Value Index advanced +3.1%. Overall market volatility remained low during the quarter; however, prices for individual stocks and sectors have fluctuated significantly more than the market averages. The strongest sectors during the quarter were materials and energy. The only sector that was down for the quarter was consumer staples. The U.S. stock market continued its record of gains as the Russell 1000® Value Index advanced for the 8th straight quarter. Overall economic conditions remain favorable in the U.S. and the world as a whole. Fundamentals for most companies appear to be generally solid, with slow revenue growth offset by strong free cash flow for many firms. Additionally, major central banks around the world are maintaining their stimulative monetary policies. The sustainability of these policies remains an issue, but for the time being, steady economic growth, improved consumer confidence, and ample monetary liquidity have contributed to the ongoing U.S. stock market advance.

## Fund Overview

Transamerica Large Cap Value outperformed the Russell 1000® Value Index during the September quarter with roughly equal contributions from sector weightings and stock selection. The largest contributors to performance during the quarter were food producer Tyson Foods Inc., Class A (Tyson) and technology company Intel Corp. Tyson has been successfully integrating recent acquisitions and reported strong financial results during the quarter, and we expect these trends to continue. Intel also reported good results. Near term catalysts for Intel include new server chip product introductions, a stronger personal computer market, and its increasing share with Apple Inc. (2.65% as of 9/30/17). Longer term, the company's margins and cash generation should improve as the company completes a major investment cycle. The largest detractor from performance was industrial products manufacturer General Electric Co. (GE) (2.08% as of 9/30/17). GE's recently reported results disappointed investors, but we anticipate that the worst is behind them and that their new CEO will take strategic actions to unlock value over the next 6 to 18 months.

## Outlook

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. They believe this approach is well suited to the current investment climate where growth has been low but free cash flow for many companies is strong, and merger and acquisition activity remains healthy. Transamerica Large Cap Value's two largest positions as of September 30, 2017 exemplify this approach: pharmaceutical company Pfizer, Inc. and telecom equipment company Nokia OYJ, ADR. Pfizer, Inc. trades at a significant discount to its peers based on earnings and free cash flow, and Levin believes this discount will lessen as its pipeline of new products becomes more visible. Pfizer, Inc. would also benefit if proposed tax reform in the U.S. allows them to repatriate their substantial cash from overseas on favorable terms. Nokia OYJ, ADR is emerging from a complicated restructuring and is poised to enter a cyclical upswing in demand for telecom equipment related to new 5G wireless technology.

## Contributors\*

Leading Contributors	Weight (%)	Return (%)	Contribution (%)
Tyson Foods, Inc., Class A	5.07	16.16	0.87
Intel Corp.	4.61	13.71	0.62
Pfizer, Inc.	5.92	7.31	0.45

## Detractors\*

Leading Detractors	Weight (%)	Return (%)	Contribution (%)
General Electric Co.	3.55	-9.58	-0.40
Macy's, Inc.	1.28	-7.87	-0.20
Treehouse Foods, Inc.	1.74	-6.46	-0.15

\*Source: Morningstar Direct

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## Top 10 Holdings

	% of Holdings
Pfizer, Inc.	6.15
Nokia OYJ, ADR	5.33
Tyson Foods, Inc., Class A	5.08
Eaton Corp. PLC	4.96
JPMorgan Chase & Co.	4.85
Citigroup, Inc.	4.78
Occidental Petroleum Corp.	4.70
Chubb, Ltd.	4.48
Hess Corp.	4.24
Intel Corp.	4.15
Percentage of total portfolio	48.72

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>\$52.64 (B)</b>
Weighted Average Market Cap	<b>\$117.00 (B)</b>

**B** = Billions

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.

## Total Return Performance (%)

	3 Mo	YTD	1 Yr	3 Yr*	5 Yr*	10 Yr	Inception*
Class A (at NAV)	3.68	9.11	16.89	12.28	14.97	N/A	13.91
Class A (at POP)	-2.00	3.10	10.46	10.18	13.68	N/A	12.98
Class I (at NAV)	3.82	9.35	17.25	12.58	15.33	N/A	14.29
Russell 1000® Value Index	3.11	7.92	15.12	8.53	13.20	N/A	–

\* Average Annual Total Return

## Calendar Year Performance (%)

	2016	2015	2014	2013	2012	2011	2010
Class A (at NAV)	21.60	2.11	8.58	35.48	16.30	-1.38	N/A
Class I (as NAV)	21.86	2.38	8.96	35.84	16.86	-0.96	N/A
Russell 1000® Value Index	17.34	-3.83	13.45	32.53	17.51	0.39	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.

## Risk Measures\*

3 years

Alpha	2.73
Beta	1.12
R-Squared	88.70
Standard Deviation	12.30

\*Risk measures are in comparison to the fund's primary benchmark unless otherwise indicated. Based on Class A shares at NAV for the 3-year period.

**Alpha** is a coefficient measuring the portion of a fund's return arising from specific (non-market) risk. Historical **Beta** illustrates a fund's sensitivity to price movements in relation to a benchmark index. **R-Squared** is a statistical measure that represents the percentage of a fund's movements that can be explained by movements in a benchmark index. **Standard Deviation** is a statistical measurement that helps to gauge the fund's historical volatility.

**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 1.05% and 0.79% for Class A and Class I shares, respectively. The net expense ratios for this fund are 1.05% and 0.79% 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.**

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.

**Before investing, consider the fund's investment objective, risks, charges, and expenses. Contact your financial professional or go to transamerica.com for a prospectus and/or summary prospectus with this information. Read it carefully.**