

# Transamerica Mid Cap Value Opportunities

Class A MCVAX | Class I MVTIX

## Investment Objective

The fund seeks to provide investors with long-term capital growth.

## Sub-adviser

Thompson, Siegel & Walmsley LLC



## Portfolio Manager

Brett P. Hawkins, CFA

## Product Profile

The fund deploys an active strategy that seeks to provide investors with long-term capital growth by investing primarily in equities of mid-cap companies

- ➔ Securities selected based on a four-factor valuation screen
- ➔ Typically follows sector constraints of +/- 10% vs. Russell Midcap® Value Index

## Fund Facts

Inception Date (A-I)	04/30/14 - 04/30/14
Benchmark Index	Russell Midcap® Value Index
Morningstar Category	Mid-Cap Value
Lipper Category	Mid-Cap Value Funds
Dividend Frequency	Annually

**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.**

## Macroeconomic Overview

The market continued into positive territory, with only health care and consumer staples posting negative returns. The quarter can be characterized as a factor driven market with low quality, beta, and momentum factors leading, while value factors sold off. From a market cap perspective, September was a notable month where the trend for large cap equities outpacing small caps reversed on the backdrop of heightened expectation for tax reform. Market movement continued to be driven by sentiment in Washington and other macro considerations, as well as general themes in the marketplace. Specifically, retail and other ancillary consumer industries have been plagued with a broad-based assumption that Amazon will extend its market share gains in a variety of areas.

## Fund Overview

The Transamerica Mid Cap Value portfolio performance finished the quarter below its benchmark. The leading economic sector to our portfolio's relative return was technology, driven by Dell Technologies, Inc., Class V (DVMT) (1.58% of holdings as of 9/30/17) and NetApp, Inc. (1.28% of holdings as of 9/30/17). DVMT, a multinational information technology corporation that serves as a tracking stock with the economic interest in VMware (0.00% of holdings as of 9/30/17), moved higher during the quarter as VMware continued to execute better than expectations. NetApp, Inc., a multinational storage and data management company, helped alleviate investor concerns surrounding the company's growth prospects in storage by announcing strong performance in all-flash array sales. The primary detractors from relative return were producer durables and health care. Within producer durables, TSW's detraction came from industry specific headwinds that tended to not be driven by the underlying fundamentals of our holdings. TSW was most negatively impacted by our airline holdings, as the position in three airlines all sold off along with the broader industry as higher fuel costs and increased competitive pressures weighed on the space. Additionally, the lack of exposure to the aerospace & defense and machinery industries posed a moderate headwind. In health care, the primary detractor for the sector was MEDNAX, Inc. (1.24% of holdings as of 9/30/17), a company focusing on neonatal care, anesthesiology, and physician subspecialty services. MEDNAX, Inc. suffered recently from low birth rates, and a shift in the payor mix towards the less profitable government pay for service channel. TSW continue to hold MEDNAX, Inc. as it is believed the payor mix shift is temporary, and the company continues to execute through acquisition and integration of related businesses.

## Outlook

Valuations continue to be stretched across domestic equities and market volatility remains low relative to historical levels. TSW believes the backdrop of an expensive market influenced by macroeconomic headlines and uncertainty warrants a disciplined and risk-aware approach to investing. TSW believes the disciplined focus on cash flows, probabilistic outcomes, and identifying the highest reward to risk stocks should be of benefit in this environment.

## Contributors\*

Leading Contributors	Weight (%)	Return (%)	Contribution (%)
Michael Kors Holdings, Ltd.	1.42	32.00	0.63
Dell-VMWare Tracking Stock V	1.44	26.35	0.34
Ally Financial, Inc.	1.68	16.69	0.26

## Detractors\*

Leading Detractors	Weight (%)	Return (%)	Contribution (%)
Uniti Group, Inc.	1.79	-38.50	-0.80
Mednax, Inc.	1.79	-28.57	-0.68
SCANA Corp.	1.44	-27.31	-0.53

\*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
FirstEnergy Corp.	3.59
CIT Group, Inc.	2.28
Casey's General Stores, Inc.	2.26
Kellogg Co.	2.23
SCANA Corp.	2.23
Cardinal Health, Inc.	2.13
ARRIS International PLC	2.10
Alleghany Corp.	2.06
Progressive Corp.	2.02
Discovery Communications, Inc., Class C	2.02
<b>Percentage of total portfolio</b>	<b>22.92</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>\$9.88 (B)</b>
Weighted Average Market Cap	<b>\$11.81 (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)	-2.13	4.55	7.95	9.76	N/A	N/A	9.57
Class A (at POP)	-7.50	-1.24	2.00	7.70	N/A	N/A	7.78
Class I (at NAV)	-2.04	4.79	8.21	10.04	N/A	N/A	9.84
Russell Midcap® Value Index	2.14	7.43	13.37	9.19	N/A	N/A	–

\* Average Annual Total Return

## Calendar Year Performance (%)

	2016	2015	2014	2013	2012	2011	2010
Class A (at NAV)	15.82	1.89	N/A	N/A	N/A	N/A	N/A
Class I (at NAV)	16.09	2.09	N/A	N/A	N/A	N/A	N/A
Russell Midcap® Value Index	20.00	-4.78	N/A	N/A	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.

## Risk Measures\*

3 years

Alpha	2.84
Beta	0.74
R-Squared	75.40
Standard Deviation	8.97

\*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 1.08% and 0.86% for Class A and Class I shares, respectively. The net expense ratios for this fund are 1.08% and 0.86% 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 Midcap® 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.

Investing in mid-sized companies involves greater risk than is customarily associated with more established companies. The securities of mid-sized companies are subject to higher volatility than larger, more established companies. The prices of securities the sub-adviser believes are undervalued may not appreciate as anticipated or may go down. Value approach 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.

**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.**