

# 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 (TSW)



## 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
Dividend Frequency	Annually

## Macroeconomic Overview

Thus far, 2018 has witnessed a number of changes in the marketplace, including a large correction that occurred in late January continuing through February 8, after what was an extremely strong start to the year. In fact, the S&P 500® returned 7.5% in the first few weeks of 2018 through January 26, before the correction. With the U.S. Federal Reserve (Fed) signaling a move towards a more normalized interest rate environment, coupled with a rise in the 10-year U.S. Treasury and continued divergence in global trade policy, volatility picked up in the market and stock correlations declined. While larger cap stocks and growth oriented stocks continued their run from 2017 into 2018, March did witness a reversal where small cap stocks outperformed large caps. Within the mid cap value space specifically, technology was the sole positive performing sector and energy declined the most. With rates increasing the first two months of the year, yield oriented pockets of the market such as utilities and real estate investment trusts (REIT) were notable detractors, but they reversed course somewhat in March following a reversal of the yield trade.

## Fund Overview

Transamerica Mid Cap Value Opportunities (Fund) finished the quarter above its benchmark, led by utilities and financial services. The most notable contributor to utilities during the period was FirstEnergy Corp., an Ohio-based utility holding company, which benefited as the company took steps toward exiting their money-losing unregulated power generation business. Within financial services, the portfolio benefited from an underweight position to REITs and our position in Progressive Corp. which moved higher, driven by strength in personal lines, top-line growth and underwriting margins. The primary detractors from relative results were health care and producer durables. Within health care, DENTSPLY SIRONA, Inc. (1.74% as of 3/31/18), an American dental equipment and consumables manufacturer, had the largest impact after selling off along with the other dental companies on fears Amazon.com, Inc. (0.00% as of 3/31/18) will be entering the dental industry. Within producer durables, the portfolio was most impacted by our holding in Stericycle, Inc. (1.75% as of 3/31/18), a waste management service provider. Stericycle, Inc. was pressured due to poor earnings results and pricing pressure in the company's domestic regulated medical waste business.

## Outlook

While the economy appears to be in good health, market valuations continue to remain stretched, despite the sell-off in the first quarter of 2018. TSW does expect volatility to persist coming off record lows in 2017 and driven further by divergence in key global policy topics such as trade, the direction and speed of interest rate hikes, and the potential for tax reform to have less impact than anticipated. TSW believes the backdrop of the Fed signaling a move towards a more normalized interest rate environment and declining stock correlations provides a favorable environment for stock picking. TSW also believes this sets the tone for a market where fundamentals and valuation matter, a positive backdrop for how TSW invests.

## Contributors\*

Leading Contributors	Weight (%)	Return (%)	Contribution (%)
FirstEnergy Corp.	2.95	12.37	0.35
Advance Auto Parts, Inc.	1.51	18.98	0.32
Western Digital Corp.	1.14	15.91	0.30

## Detractors\*

Leading Detractors	Weight (%)	Return (%)	Contribution (%)
DISH Network Corp., Class A	1.95	-20.65	-0.46
DENTSPLY SIRONA Inc.	1.59	-23.44	-0.42
United Therapeutics Corp.	1.06	-24.06	-0.28

\*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.**

# Transamerica Mid Cap Value Opportunities

Class A MCVAX | Class I MVTIX

## Top 10 Holdings

	% of Holdings
PPL Corp.	3.17
FirstEnergy Corp.	3.06
VEREIT, Inc.	3.03
DISH Network Corp., Class A	2.51
Alleghany Corp.	2.42
Alliant Energy Corp.	2.40
Antero Resources Corp.	2.21
Loews Corp.	2.07
Annaly Capital Management, Inc., REIT	2.03
Progressive Corp.	1.98
<b>Percentage of total portfolio</b>	<b>24.88</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>\$9.36 (B)</b>
Weighted Average Market Cap	<b>\$11.63 (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.

**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 1.09% and 0.86% for Class A and Class I shares, respectively. The net expense ratios for this fund are 1.09% and 0.86% 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 Midcap<sup>®</sup> 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<sup>®</sup> 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.

**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.**

## Total Return Performance (%)

	3 Mo	YTD	1 Yr	3 Yr*	5 Yr	10 Yr	Inception*
Class A (at NAV)	-1.64	-1.64	2.62	6.95	N/A	N/A	9.09
Class A (at POP)	-7.01	-7.01	-3.04	4.94	N/A	N/A	7.53
Class I (at NAV)	-1.55	-1.55	2.94	7.24	N/A	N/A	9.37
Russell Midcap <sup>®</sup> Value Index	-2.50	-2.50	6.50	7.23	N/A	N/A	-

\* Average Annual Total Return

## Calendar Year Performance (%)

	2017	2016	2015	2014	2013	2012	2011
Class A (at NAV)	9.35	15.82	1.89	N/A	N/A	N/A	N/A
Class I (at NAV)	9.66	16.09	2.09	N/A	N/A	N/A	N/A
Russell Midcap <sup>®</sup> Value Index	13.34	20.00	-4.78	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.