

Transamerica Small Cap Core

Class A SCCAX | Class I ISMTX

Investment Objective

The fund seeks long-term capital appreciation.

Sub-adviser

Systematic Financial Management, L.P.
(Systematic)



Portfolio Managers

Eoin E. Middaugh, CFA
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Product Profile

A value-based strategy designed to seek capital appreciation with strong risk management

- ➔ Seasoned portfolio management team with experience managing small cap equities since 1993
- ➔ Disciplined investment approach designed to build a portfolio of small cap stocks through rigorous security ranking analysis based on fundamental factors
- ➔ In-depth research seeks attractive valuation and sustainable catalysts

Fund Facts

Inception Date (A-I)	03/10/17 - 03/10/17
Benchmark Index	Russell 2000® Index, S&P 500®
Morningstar Category	Small Value
Lipper Category	Small-Cap Value
Dividend Frequency	Annually

Macroeconomic Overview

Volatility returned to Wall Street in the first quarter as equity markets finished in negative territory. Stocks surged in January on optimism about the health of the economy and corporate profits only to then retreat as investors grappled with issues including; the path of ongoing interest rate increases, fears of a possible trade war and the potential for increased regulation of technology companies amid privacy concerns. After outperforming by over 14% in 2017, the Russell 2000® Growth outpaced the Russell 2000® Value by nearly another 5% during the quarter. Investors largely ignored current fundamentals and valuation as the most expensive stocks outperformed the least by over 9% and stocks that make money trailed those that lose money by nearly 8%.

Fund Overview

Transamerica Small Cap Core (Fund) trailed the Russell 2000®, while outperforming the Russell 2000® Value. Investors ignoring valuation and profitability metrics was a headwind given the fund's preference for less expensive, more profitable companies. From an attribution standpoint relative to the Russell 2000®, sector allocation was modestly negative, while stock selection in information technology and health care accounted for the majority of the underperformance. In information technology, it was primarily an underweight to the software and internet areas, perhaps two of the poster children for expensive stocks incurring losses, that led to the shortfall. These stocks in the index were up around 15-18% on average, despite the index posting a negative return! The underweight is driven primarily by the fact that these areas are far more expensive than others in information technology. In health care it was expensive stocks again that led to the shortfall. In particular, the pharmaceuticals and providers and services industries in the index, which are much more expensive than the health care stocks in the fund, were both up double digits. On the bright side, consumer holdings, both in the discretionary and staples sectors, added to relative results.

Outlook

After outperforming by over 14% in calendar 2017, the Russell 2000® Growth Index outpaced the Russell 2000® Value Index by another nearly 5% in the first quarter, extending its historically wide performance edge over the past 10 years. Systematic continues to believe a significant reversal is likely in the years to come. The outperformance of the Russell 2000® Growth Index has pushed its relative valuation level near historical extremes and, as noted last quarter, results following other periods in history with similar valuation differentials have significantly favored "value" stocks. The timing remains uncertain, but Systematic believes this time will be no different, and they are reminded of the old adage that it is darkest before dawn. At times like these, when it can seem most difficult, that it is critical to remain committed to the discipline that was conceived in less emotionally trying times and built upon factors that have proven their historical effectiveness over long periods of time and multiple market cycles. That is exactly what Systematic intends to do, confident that this discipline will be rewarded in the long run.

Contributors*

Leading Contributors	Weight (%)	Return (%)	Contribution (%)
American Public Education, Inc.	0.30	71.66	0.17
AMAG Pharmaceuticals, Inc.	0.39	52.08	0.16
QuinStreet, Inc.	0.35	52.39	0.16

Detractors*

Leading Detractors	Weight (%)	Return (%)	Contribution (%)
YRC Worldwide, Inc.	0.32	-38.61	-0.14
Patterson Companies, Inc.	0.29	-38.04	-0.13
SUPERVALU, Inc.	0.15	-34.31	-0.12

*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
Unit Corp.	0.37
Plantronics, Inc.	0.35
Movado Group, Inc.	0.35
Washington Prime Group, Inc., REIT	0.34
Walker & Dunlop, Inc.	0.34
AMAG Pharmaceuticals, Inc.	0.34
Herman Miller, Inc.	0.34
Masimo Corp.	0.34
First Financial Bancorp	0.34
Granite Construction, Inc.	0.33
Percentage of total portfolio	3.44

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	\$1.48 (B)
Weighted Average Market Cap	\$2.08 (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 1.40% and 1.08% for Class A and Class I shares, respectively. The net expense ratios for this fund are 1.30% and 1.05% 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 2000® Index and the S&P 500® are unmanaged indices 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.

Small capitalization companies may have less experienced management, unpredictable earnings growth, and limited product lines, which can cause their share prices to fluctuate more than those of larger firms. 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.

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.

Total Return Performance (%)

	3 Mo	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception*
Class A (at NAV)	-2.49	-2.49	2.66	N/A	N/A	N/A	4.90
Class A (at POP)	-7.85	-7.85	-2.96	N/A	N/A	N/A	-0.57
Class I (at NAV)	-2.31	-2.31	2.98	N/A	N/A	N/A	5.20
Russell 2000® Index	-0.08	-0.08	11.79	N/A	N/A	N/A	–
S&P 500®	-0.76	-0.76	13.99	N/A	N/A	N/A	–

* Average Annual Total Return

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.