

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

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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
Morningstar Category	Small Value
Lipper Category	Small-Cap Value
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 equity markets continued their march higher during the third quarter, extending their gains for the year. Investors once again favored “growth” stocks over their “value” counterparts. The Russell 2000® Growth outpaced the Russell 2000® Value by approximately 1.5% in the quarter, extending its lead to over 11% year-to-date. Last quarter Systematic wrote about the market environment and what they perceive to be a number of unsustainable conditions. The third quarter saw the small cap market drift even further from historical “norms”. To illustrate how the focus on growth is distorting the performance of stocks based on traditional metrics, Systematic examined the performance differential between stocks with low price-to-earnings ratios (P/E’s) vs. stocks with high P/E’s (top 20% vs. bottom 20%), stocks with high returns-on-assets (ROA) vs. those with low returns-on-assets (top 20% vs. bottom 20%) and stocks that make money (positive Earnings Before Interest and Taxes) vs. those that lose money. In the third quarter, stocks with high P/E’s, low ROA’s and those that lose money outperformed by 6.5%, 3.2% and 4.6% respectively. This is in direct contrast with longer-term historical relationships and was a headwind for their strategy, which generally focuses on stocks trading at lower valuation levels, that make money and have higher returns on assets.

Fund Overview

Transamerica Small Cap Core lagged the Russell 2000® Index for the quarter. From an attribution standpoint, sector allocation was essentially neutral for the quarter, while stock selection accounted for the shortfall relative to the index. Stock selection detracted from results primarily in the health care and consumer discretionary sectors. Within healthcare it was an underweight to the biotechnology industry, which is largely made of companies that trade at high valuations and lose money, and corresponding overweight to healthcare providers and services that detracted from results, as the biotechnology companies outperformed the healthcare providers and services industry by over 16%. Within the consumer discretionary sector it was exposure to specialty retailers that detracted from results, as investors continue to question the future of retail given the move to more on-line shopping and declining mall traffic.

Outlook

The Russell 2000® Growth Index is now ahead of the Russell 2000® Value Index by over 11% year-to-date, and it also has a historically wide performance edge over the past 10 years. While the timing is uncertain, Systematic believes a significant reversal is likely in the years to come. Systematic believes that investors ignore the historical record at their own long-term peril and that it isn’t “different this time”. They are unwilling to abandon decades of historical precedent to chase returns in the current environment. Systematic believes that this too shall pass and that by staying committed to their discipline, built on factors that have stood the test of time, their investors will be rewarded.

Contributors*

Leading Contributors	Weight (%)	Return (%)	Contribution (%)
ArcBest Corp.	0.38	62.87	0.18
Matrix Service Co.	0.32	62.57	0.17
NRG Energy, Inc.	0.39	48.78	0.17

Detractors*

Leading Detractors	Weight (%)	Return (%)	Contribution (%)
Depomed, Inc.	0.31	-46.09	-0.26
Dean Foods Co.	0.29	-35.50	-0.19
Vitamin Shoppe, Inc.	0.21	-52.88	-0.16

*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
W&T Offshore, Inc.	0.46
Harsco Corp.	0.39
Transocean, Ltd.	0.38
Rowan Cos. PLC, Class A	0.38
EnSCO PLC, Class A	0.38
Rudolph Technologies, Inc.	0.38
Unit Corp.	0.37
Customers Bancorp, Inc.	0.37
AMN Healthcare Services, Inc.	0.37
Nova Measuring Instruments, Ltd.	0.37
Percentage of total portfolio	3.85

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	\$1.50 (B)
Weighted Average Market Cap	\$1.96 (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 1.44% and 1.12% for Class A and Class I shares, respectively. The net expense ratios for this fund are 1.32% and 1.07% 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 2000® 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.

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.

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.

Transamerica Funds are advised by Transamerica Asset Management, Inc. and distributed by Transamerica Capital, Inc.
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Total Return Performance (%)

	3 Mo	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception*
Class A (at NAV)	3.49	N/A	N/A	N/A	N/A	N/A	4.96
Class A (at POP)	-2.23	N/A	N/A	N/A	N/A	N/A	-0.84
Class I (at NAV)	3.65	N/A	N/A	N/A	N/A	N/A	5.11
Russell 2000® Index	5.67	N/A	N/A	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.

Risk Measures*

3 years

Alpha	-4.58
Beta	0.94
R-Squared	91.00
Standard Deviation	14.20

*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.