

Transamerica Small Cap Growth

Class A ASGX | Class I ISCGX

Investment Objective

The fund seeks long-term capital appreciation.

Sub-adviser

Ranger Investment Management, L.P.
(Ranger)



Portfolio Managers

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Product Profile

A small-cap strategy designed to help preserve and seek growth of capital

- ➔ Invests in growing, high quality companies when they can be purchased at attractive valuations
- ➔ Investment philosophy focused on bottom-up, fundamental research
- ➔ Unique proprietary risk management process that includes real time portfolio monitoring

Fund Facts

Inception Date (A-I)	08/31/12 - 08/31/12
Benchmark Index	Russell 2000® Growth Index
Morningstar Category	Small Growth
Lipper Category	Small-Cap Growth
Dividend Frequency	Annually

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.

Macroeconomic Overview

During the fourth quarter, the markets wrestled with a host of concerning events and the resulting sell-off and volatility was both severe and swift. Ranger believes the combination of high equity valuations, continued interest rate increases, escalating trade/tariff rhetoric and deceleration in economic data were the main culprits for the market weakness. The key question is whether the major points of uncertainty (tariffs, inflation, and geopolitical risk) change the macroeconomic environment enough to bring a halt to economic growth and a historically long bull market. The U.S. economy is showing a mix of mid-cycle dynamics and late-cycle trends. As is typical during a late-cycle phase, tighter employment markets are pushing up wages and the U.S. Federal Reserve's (Fed) tightening of monetary policy is flattening the yield curve. While credit conditions are not yet restrictive, higher rates have tempered both consumer and corporate behavior. Despite these issues, the U.S. corporate backdrop remains healthy, and pro-business policies continue to help earnings growth. Lower tax burdens and access to offshore cash provide companies with additional spending capacity, which are being used on a wide variety of activities, including investor-friendly actions (buybacks, dividends, M&A) as well as direct boosts to the real economy (raising wages, capital expenditures).

Fund Overview

During the quarter, Transamerica Small Cap Growth declined 19.97%, gross of fees, compared with the 21.65% decline of the Russell 2000® Growth index. On a sector basis, healthcare, technology and materials & processing were the largest relative outperforming sectors in the portfolio. The financial services, energy and consumer staples sectors underperformed on a relative basis.

Outlook

Currently, the aggressive U.S. trade posture is becoming a major risk to the global economy. China and the U.S. are the most central economies in a highly integrated global trade network. Plans by the U.S. to confront China's trade and investment policies could ratchet up bilateral commercial tensions, thus complicating future global growth. Slower global growth and tempered inflation stand in contrast with full employment, which should allow the Fed to pause before making a decision to move toward additional tighter monetary policy. Ranger also expects elevated market volatility due to declining global economic momentum as risks to the monetary, political, and economic outlooks continue. With this increased market volatility, quality companies should outperform the overall market. The transition from a liquidity-powered market for risk assets to one influenced by fundamentals is not likely to be smooth. With the broad and significant market sell-off, valuation levels are now more attractive. The protracted market advance from the February 2016 low through the August 2018 high provided few opportunities to invest in companies at attractive valuation levels. While broad, indiscriminate sell-offs are difficult, they provide opportunity for new high quality investment ideas in the portfolio. With increasing and ongoing volatility, Ranger is hopeful that the differentiation between risk assets and fundamentals will present opportunities to acquire high quality businesses at attractive valuations.

Contributors*

Leading Contributors	Weight (%)	Return (%)	Contribution (%)
Mesa Laboratories, Inc.	1.74	12.35	0.20
Inter Parfums, Inc.	3.45	2.17	0.07
Medpace Holdings, Inc.	0.08	6.43	0.04

Detractors*

Leading Detractors	Weight (%)	Return (%)	Contribution (%)
Cambrex Corp.	2.68	-44.80	-1.44
WildHorse Resource Development Corp.	2.73	-40.31	-1.12
Pegasystems, Inc.	4.34	-23.55	-1.07

*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
Pegasystems, Inc.	4.58
Inter Parfums, Inc.	4.22
PRA Health Sciences, Inc.	3.67
Qualys, Inc.	3.48
WNS Holdings, Ltd., ADR	3.33
Mercury Systems, Inc.	2.94
Repligen Corp.	2.89
Calavo Growers, Inc.	2.77
MAXIMUS, Inc.	2.69
J&J Snack Foods Corp.	2.63
Percentage of total portfolio	33.20

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	\$1.99 (B)
Weighted Average Market Cap	\$2.29 (B)

B = Billions

Total Return Performance (%)

	3 Mo	YTD	1 Yr	3 Yr*	5 Yr*	10 Yr	Inception*
Class A (at NAV)	-19.97	-7.64	-7.64	8.27	6.09	N/A	8.93
Class A (at POP)	-24.40	-12.72	-12.72	6.26	4.91	N/A	7.96
Class I (at NAV)	-19.95	-7.54	-7.54	8.48	6.36	N/A	9.20
Russell 2000® Growth Index	-21.65	-9.31	-9.31	7.24	5.13	N/A	–

* Average Annual Total Return

Calendar Year Performance (%)

	2018	2017	2016	2015	2014	2013	2012
Class A (at NAV)	-7.64	15.12	19.37	3.08	2.74	36.79	N/A
Class I (at NAV)	-7.54	15.52	19.53	3.47	3.04	37.11	N/A
Russell 2000® Growth Index	-9.31	22.17	11.32	-1.38	5.60	43.30	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.

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 1.50% and 1.17% for Class A and Class I shares, respectively. The net expense ratios for this fund are 1.40% and 1.15% 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® Growth 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. Returns on growth stocks may not move in tandem with return on other categories of stocks or the market as a whole. Growth stocks may be particularly susceptible to larger price swings or to adverse developments. Growth stocks as a group may be out of favor and underperform the overall equity market for a long period of time, for example, while the market favors "value" stocks.

Shares may be sold (or "redeemed") on any day the New York Stock Exchange is open for business. Proceeds from the redemption of shares will usually be sent to the redeeming shareholder within three business days after receipt in good order of a request for redemption. However, Transamerica Funds has the right to take up to seven days to pay redemption proceeds, and may postpone payment under certain circumstances, as authorized by law.

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.

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