

# Transamerica Small Cap Growth

Class A ASGTX | Class I ISCGX

## Investment Objective

The fund seeks long-term capital appreciation.

## Sub-adviser

Ranger Investment Management, L.P.  
(Ranger)



## Portfolio Managers

W. Conrad Doenges  
Andrew Hill  
Joseph LeBate

## 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

**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 its largely uninterrupted ascent in the third quarter. Remarkably, the largest drawdown on a year-to-date basis for the S&P 500® is 3%, which if it holds through Q4 would represent the smallest intra-year correction since 1995. Additionally, the index's average daily change during the third quarter was 0.3%, its lowest level in almost 50 years. Despite the steady stream of sad and scary news, corporate fundamentals continue to advance. Perhaps the largest driver of recent market strength has been accelerating earnings growth in the first half of 2017, both in the U.S. and other developed markets. Other factors that help explain the equity market strength are low and relatively stable interest rates combined with subdued inflation. Notwithstanding these positives, there are potential clouds on the horizon, such as an advancing business cycle coinciding with a potential rate tightening cycle, historically elevated equity valuations, and a volatile political/policy backdrop.

## Fund Overview

Market strength was broad based as all sectors in the Russell 2000® Growth Index advanced during the third quarter. Investors continued to show a meaningful appetite for risk as evident by Ranger's factor analysis work. Factor analysis demonstrates leadership by low quality, high valuation factors. Most notably, non-earning companies, which comprised 27% of the index weighting, advanced by 8.7%, outperforming the overall index return of 6.22%. On a sector basis, the utilities and materials & processing sectors were the largest relative outperforming sectors in the portfolio. The healthcare and producer durables sectors underperformed on a relative basis. Healthcare sector underperformed this past quarter primarily due to strength by non-earning biotech and pharmaceutical companies in the index, which advanced by nearly 13%. Energy and financial services sectors, which underperformed during the first half of 2017, recovered during the third quarter and performed in-line with their index components.

## Outlook

Despite the lack of near-term volatility in the markets, Ranger continues to believe we are in the midst of a long-term rate normalization process and higher interest rates will ultimately lead to higher volatility, which should align well with Ranger's focus on quality growth companies. It's certainly possible that the equity markets will absorb tighter monetary conditions without much volatility, the Trump administration will deliver on major priorities like tax reform, and economic growth will continue unabated or even accelerate. Given full valuations, Ranger believes it is prudent to consider the alternative – namely that tighter monetary policy leads to higher rates, increased volatility and the potential for a more skeptical market narrative as it relates to valuations and the administration's ability to influence growth. With corporate operating margins already at, or close to, peak historical levels, it is difficult to foresee a scenario where earnings accelerate meaningfully without accelerating gross domestic product growth. That said, lowering corporate tax rates would certainly benefit earnings growth, especially for small cap companies.

## Contributors\*

Leading Contributors	Weight (%)	Return (%)	Contribution (%)
Cantel Medical Corp.	3.18	23.20	0.71
Saia, Inc.	3.07	22.12	0.58
Qualys, Inc.	2.75	26.96	0.55

## Detractors\*

Leading Detractors	Weight (%)	Return (%)	Contribution (%)
Ellie Mae, Inc.	2.08	-24.04	-0.60
Dorman Products, Inc.	2.22	-14.04	-0.38
Eagle Pharmaceuticals, Inc.	0.28	-38.46	-0.32

\*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
PRA Health Sciences, Inc.	3.90
Banc of California, Inc.	3.90
Cantel Medical Corp.	3.67
Saia, Inc.	3.66
Steven Madden, Ltd., Class B	3.47
Pegasystems, Inc.	3.34
Calavo Growers, Inc.	3.28
Qualys, Inc.	3.06
Supernus Pharmaceuticals, Inc.	3.01
Cotiviti Holdings, Inc.	2.99
Percentage of total portfolio	34.28

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>\$1.96 (B)</b>
Weighted Average Market Cap	<b>\$2.31 (B)</b>

**B** = Billions

## Total Return Performance (%)

	3 Mo	YTD	1 Yr	3 Yr*	5 Yr*	10 Yr	Inception*
Class A (at NAV)	2.90	10.29	17.01	13.27	12.13	N/A	12.05
Class A (at POP)	-2.74	4.17	10.55	11.17	10.86	N/A	10.82
Class I (at NAV)	2.81	10.49	17.14	13.55	12.43	N/A	12.34
Russell 2000® Growth Index	6.22	16.81	20.98	12.17	14.28	N/A	–

\* Average Annual Total Return

## Calendar Year Performance (%)

	2016	2015	2014	2013	2012	2011	2010
Class A (at NAV)	19.37	3.08	2.74	36.79	N/A	N/A	N/A
Class I (at NAV)	19.53	3.47	3.04	37.11	N/A	N/A	N/A
Russell 2000® Growth Index	11.32	-1.38	5.60	43.30	N/A	N/A	N/A

## Risk Measures\*

3 years

Alpha	2.95
Beta	0.85
R-Squared	84.50
Standard Deviation	13.87

\*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.

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.

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 1.33% and 1.03% for Class A and Class I shares, respectively. The net expense ratios for this fund are 1.33% and 1.03% 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® 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.

**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.**