

# 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 LaBate

## 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

On the surface, a review of the first quarter's results shows modest returns for most domestic equity indices, indicative perhaps of a quiet and uneventful quarter. However, a closer examination reveals a more interesting and nuanced story. The year began much like the prior year ended, with strong returns and low volatility during January. As the calendar turned to February, volatility returned with a vengeance, and equity markets declined as a result. Many market watchers speculated on the "cause" of this increased volatility. In Ranger's view, this increased volatility, although jarring, is far more normal than the abnormally low volatility that preceded it. For example, while the Chicago Board Options Exchange Volatility Index jumped from 9 to 39 in early February, it ended the quarter at around 20, close to its 20-year average level. Turning to the broader economy, the year began with an economic tailwind driven by the tax cuts that became law in late December. Labor markets in the U.S. remain strong as measured by payrolls data, and inflation is rising yet subdued. The prospect of less regulation and a more business friendly environment is helping multiple industries this year as well. Offsetting these positives is recent talk of tariffs, which have made many investors nervous. While the risk of protectionism is real, Ranger believes that the stimulative effects of lower taxes and deregulation should more than offset the potential cost of tariffs, and that the economy should continue to grow in 2018.

## Fund Overview

Transamerica Small Cap Growth (Fund) advanced 0.79% underperforming the 2.3% return of the Russell 2000® Growth Index. On a sector basis, materials & processing and energy were the largest relative outperforming sectors in the Fund. The healthcare and consumer discretionary sectors underperformed on a relative basis. Factor analysis demonstrates performance leadership by low quality, high valuation factors in the first quarter. Non-earning companies in the index gained 7.4%, dramatically outpacing the 0.4% return of companies with earnings.

## Outlook

Ranger believes that equity valuations remain relatively full, particularly in the context of a long-term rate normalization process. In addition, Ranger believes the increased market volatility experienced in the first quarter is likely to remain. Furthermore, short-term spikes in volatility like the one that occurred in February are likely to be more common going forward. Today, high frequency traders make up a larger percentage of market volumes than ever before. In times of increasing volatility, traders such as these tend to reduce their participation in the market or exit entirely, which will amplify volatility even further. The good news is that the quality companies in which Ranger invests should outperform in this environment. First, quality stocks tend to outperform when volatility is higher. Second, as interest rates rise, the cost of mistakes increases, providing experienced management teams with strong balance sheets an opportunity to distance themselves from their weaker competitors.

## Contributors\*

Leading Contributors	Weight (%)	Return (%)	Contribution (%)
Pegasystems, Inc.	4.20	28.70	1.06
Qualys, Inc.	3.85	22.58	0.76
Tabula Rasa HealthCare, Inc.	1.81	38.32	0.57

## Detractors\*

Leading Detractors	Weight (%)	Return (%)	Contribution (%)
WageWorks, Inc.	2.32	-27.10	-0.72
Prestige Brands Holdings, Inc.	1.64	-24.07	-0.50
LCI Industries, Inc.	1.94	-19.48	-0.43

\*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.	4.85
Saia, Inc.	4.17
Qualys, Inc.	4.07
PRA Health Sciences, Inc.	4.03
Banc of California, Inc.	3.44
Steven Madden, Ltd.	3.33
SiteOne Landscape Supply, Inc.	3.14
WildHorse Resource Development Corp.	2.77
Cambrex Corp.	2.68
Calavo Growers, Inc.	2.67
<b>Percentage of total portfolio</b>	<b>35.15</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>\$2.01 (B)</b>
Weighted Average Market Cap	<b>\$2.40 (B)</b>

**B** = Billions

## Total Return Performance (%)

	3 Mo	YTD	1 Yr	3 Yr*	5 Yr*	10 Yr	Inception*
Class A (at NAV)	0.79	0.79	11.12	9.68	12.35	N/A	11.93
Class A (at POP)	-4.75	-4.75	5.04	7.64	11.09	N/A	10.80
Class I (at NAV)	0.76	0.76	11.27	9.95	12.63	N/A	12.22
Russell 2000® Growth Index	2.30	2.30	18.63	8.77	12.90	N/A	–

\* Average Annual Total Return

## Calendar Year Performance (%)

	2017	2016	2015	2014	2013	2012	2011
Class A (at NAV)	15.12	19.37	3.08	2.74	36.79	N/A	N/A
Class I (at NAV)	15.52	19.53	3.47	3.04	37.11	N/A	N/A
Russell 2000® Growth Index	22.17	11.32	-1.38	5.60	43.30	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.

**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.

**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.**