

# Transamerica Small Cap Value

Class A TSLAX | Class I TSLIX

## Investment Objective

The fund seeks long-term capital appreciation.

## Sub-adviser

Boston Advisors, LLC (Boston Advisors)

### BOSTON ADVISORS

## Portfolio Managers

David Hanna  
 James W. Gaul, CFA  
 Michael J. Vogelzang, CFA  
 Douglas A. Riley, CFA

## Product Profile

Small-cap value strategy designed to consistently generate excess return relative to the benchmark primarily through stock selection.

- ➔ The strategy is a unique combination of proprietary, robust quantitative modeling and fundamental research.
- ➔ Boston Advisors uses a proprietary economic Regime Model, which influences the factor set and factor weights in the stock selection model during different market conditions (bull, bear and efficient). Regime Model also informs the portfolio managers as part of the portfolio construction process.
- ➔ The strategy is managed to be "style pure" to the Russell 2000® Value Index.

## Fund Facts

Inception Date (A-I)	04/21/17 - 04/21/17
Benchmark Index	Russell 2000® Value Index
Morningstar Category	Small Blend
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

U.S. equity markets remain strong with most benchmarks just off all-time highs. The domestic indices had a good quarter with the benchmark Russell 2000® Value Index increasing a strong 5.11%. The small cap growth counterpart was even stronger at 6.22%. Within the benchmark, the health care sector had the highest return for the third consecutive quarter at 13.4%, followed by Industrials at 8.1%. Technology was the worst, gaining only 1.9%. It is interesting to note that the technology sector in the Russell 2000® Growth Index gained a healthier 5.5%. Among fundamental risk factors, momentum was strongest. Volatility and earnings variability were both strong, which fits with a strong equity market.

## Fund Overview

Transamerica Small Cap Value returned 4.13% for the third quarter, trailing the benchmark by 0.98%. Sector and industry allocation for the quarter was positive, as was the fundamental factor impact. The negative attribution was due to stock selection. Stock selection in the technology sector was strongly positive at over 0.56%. Much of that came from ePlus, Inc., a long-time holding that rose 25.1% after a good earnings report and news of an acquisition. The weakest sector was health care, particularly in the pharmaceuticals and biotechnology group. This was a tough group to outperform since the benchmark group rose a remarkable 21.1%. A handful of benchmark names rose over 50%. By contrast, two of our three holdings in the group, Repligen Corp. (1.08% as of 9/30/17) and Prestige Brands Holdings, Inc. (not held as of 9/30/17), had slightly negative returns. Using the Bloomberg risk model, factor contribution was positive, with momentum having a very strong month. Value had a neutral impact.

## Outlook

The market view has not changed. Boston Advisors like the healthy balance between skepticism seen in the press and some sell-side firms, with many cautioning about the lack of volatility, contrasting with positive market factors. Investors continue to focus on expectations for marginally better domestic and global growth, increasing earnings, and pro-cyclical policy direction from global leaders and central bankers. Markets are reaching all-time highs in the U.S. Earnings growth is expected to be strong in the fourth quarter. Absent new developments to the contrary, this is a positive environment. In general, Boston Advisors remains positioned for a positive market with respect to sector positioning, low cash and individual holdings that should respond well to current market conditions. The sector bets are currently tighter than normal, with the majority of sectors behaving similarly. Energy remains an outlier to the positive side. The largest sector overweight is now consumer discretionary, which is the only sector more than 1% overweight. The largest underweight is financials. However, we are slightly overweight in banks and neutral in diversified financials. All of the underweight is coming from insurance.

## Contributors\*

Leading Contributors	Weight (%)	Return (%)	Contribution (%)
Harsco Corp.	1.64	29.81	0.50
Rush Enterprises, Inc., Class A	1.67	26.49	0.41
ePlus, Inc.	1.75	24.76	0.39

## Detractors\*

Leading Detractors	Weight (%)	Return (%)	Contribution (%)
Summit Hotel Properties, Inc.	1.66	-13.30	-0.30
Bloomin Brands, Inc.	1.24	-16.71	-0.23
Meta Financial Group, Inc.	1.02	-11.85	-0.22

\*Source: Morningstar Direct

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.

**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
Xenia Hotels & Resorts, Inc., REIT	1.94
Customers Bancorp, Inc.	1.84
Vishay Intertechnology, Inc.	1.84
Fox Factory Holding Corp.	1.80
Rush Enterprises, Inc., Class A	1.78
Valley National Bancorp	1.74
PS Business Parks, Inc., REIT	1.74
ePlus, Inc.	1.74
Wabash National Corp.	1.71
Berkshire Hills Bancorp, Inc.	1.70
<b>Percentage of total portfolio</b>	<b>17.83</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>\$2.06 (B)</b>
Weighted Average Market Cap	<b>\$2.32 (B)</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 1.38% and 1.03% for Class A and Class I shares, respectively. The net expense ratios for this fund are 1.30% 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.**

The Russell 2000® Value 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.

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. 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. Value 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 "growth" stocks. The prices of securities the sub-adviser believes are undervalued may not appreciate as anticipated or may go down.

**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.**

## Total Return Performance (%)

	3 Mo	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception*
Class A (at NAV)	4.13	N/A	N/A	N/A	N/A	N/A	7.04
Class A (at POP)	-1.58	N/A	N/A	N/A	N/A	N/A	1.19
Class I (at NAV)	4.18	N/A	N/A	N/A	N/A	N/A	7.17
Russell 2000® Value Index	5.11	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.