

Transamerica Small/Mid Cap Value

Class A IVAX | Class I TSVIX

Investment Objective

The fund seeks to maximize total return.

Sub-advisers

Thompson, Siegel & Walmsley LLC (TSW)



Systematic Financial Management, L.P.
(Systematic)



Product Profile

The fund will invest under normal circumstances, at least 80% of the fund's assets in small and mid-cap equity securities. The fund's investment methodology unifies quantitative screening and fundamental research in an integrated and repeatable process designed to outperform the Russell 2500™ Value Index over the long term.

- ➔ In the mid-cap sleeve, TSW's process uses a combination of quantitative and qualitative methods and is based on a four-factor valuation screen.
- ➔ In the small-cap sleeve, Systematic's process generally favors companies that are attractively valued with strong operating cash flow, strong free cash flow, limited financial leverage, and strong debt coverage.

Fund Facts

Inception Date (A-I)	04/02/01 - 11/30/09
Benchmark Index	Russell 2500 Value Index
Morningstar Category	Mid-Cap Value
Lipper Category	Mid-Cap Value
Dividend Frequency	Annually

Macroeconomic Overview

Systematic: Volatility returned to Wall Street in the first quarter of 2018 and equity markets sustained modest losses, as value equities generally posted weaker results than growth. Stocks surged into January due to optimism for the health of the economy and corporate profits. As the calendar turned to February, market sentiment flipped as investors assessed the ramifications of rising interest rates, the threat of increasing global protectionism, and regulatory risks to the information technology sector. These concerns notwithstanding, the selloff seems overdone. Corporate hiring remained strong in the first quarter, industrial activity was healthy as well, and the housing market remains on firm footing. Importantly, the closely watched Index of Leading Economic Indicators was very bullish on the U.S. economy. Tax reform, passed late last year, should help near term economic growth, now that corporate leaders can evaluate projects with more certainty on tax policy.

TSW: 2018 has witnessed a number of changes in the market, thus far, including a correction in late January continuing through February 8, after a strong start to the year. Market volatility picked up and stock correlations declined as the U.S. Federal Reserve (Fed) signaled further interest rate normalization, yield on the 10-year U.S. Treasury rose, and global trade policy uncertainty increased. Within mid-cap value, technology was the sole positive performing sector and energy declined the most. As rates increased in the first two months of the year, yield oriented sectors such as utilities and real estate investment trusts (REIT) detracted but reversed course somewhat in March following a decrease in rates.

Fund Overview

During the quarter, the Transamerica Small/Mid Cap Value (Fund) outperformed its benchmark, the Russell 2500™ Value Index.

Systematic: During the quarter, the Small Cap portion of the Fund benefited from the changing interest rate landscape, as companies with strong debt coverage ratios generally held up better as interest rates rose. Stock selection drove relative outperformance in small caps for the quarter. Individual selections in the health care, consumer discretionary and information technology sectors contributed the most, while selections in the industrials and materials sectors detracted. Sector allocation was also positive relative to the index. An underweight to the energy sector added to relative returns, while an underweight to the financials sector detracted from relative returns.

TSW: For the quarter, top mid-cap sectors were utilities and financials. The most notable contributor within utilities was FirstEnergy Corp., an Ohio-based utility holding company. Within financials, an underweight position to the REITs subsector and our position in Progressive Corp. added to relative return. Primary detractors by sector were health care and producer durables. Within health care, DENTSPLY SIRONA, Inc. (1.02% as of 3/31/18), an American dental equipment and consumables manufacturer, had the largest impact. Within producer durables, waste management service provider Stericycle, Inc. (1.03% as of 3/31/18) detracted most.

Outlook

Systematic: Systematic remains positive in its outlook for the domestic economy in 2018 and believes the recent selloff offers disciplined investors some potentially compelling opportunities. The indiscriminate breadth of the selling seems similar to prior periods; during which irrational disregard for corporate fundamentals allowed the portfolio to invest in superior companies at discounted valuations. As such, Systematic continues to diligently execute its process, identifying new stocks that fit the strategy and adding to existing holdings at lower valuations.

TSW: While the economy appears to be in good health, market valuations remain stretched despite the first quarter sell-off. TSW expects volatility to persist, driven by uncertainty on trade policy, the speed of interest rate hikes, and the level of impact of tax reform. TSW believes a normalizing interest rate environment and declining stock correlations combine to provide a market favorable to stock-picking, where fundamentals and valuation matter, a positive backdrop for how TSW invests.

**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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Equity Statistics

Median Market Cap	\$3.14 (B)
Weighted Average Market Cap	\$794 (B)

B = Billions

Contributors*

Leading Contributors	Weight (%)	Return (%)	Contribution (%)
Nektar Therapeutics, Inc.	0.49	77.93	0.31
Orbotech, Ltd.	1.07	23.77	0.25
Advance Auto Parts, Inc.	0.91	18.98	0.20

Detractors*

Leading Detractors	Weight (%)	Return (%)	Contribution (%)
DISH Network Corp., Class A	1.16	-20.65	-0.26
DENTSPLY SIRONA, Inc.	0.93	-23.44	-0.25
United Therapeutics Corp.	0.63	-24.06	-0.17

*Source: Morningstar Direct

Top 10 Holdings

	% of Holdings
VEREIT, Inc.	1.83
PPL Corp.	1.72
FirstEnergy Corp.	1.66
Alleghany Corp.	1.52
DISH Network Corp., Class A	1.48
Alliant Energy Corp.	1.46
JBG SMITH Properties, REIT	1.26
Casey's General Stores, Inc.	1.19
Progressive Corp.	1.16
AES Corp.	1.16
Percentage of total portfolio	14.44

Holdings are subject to change and are not recommendations to buy or sell a security. Holdings excludes net other assets (liabilities).

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Total Return Performance (%)

	3 Mo	YTD	1 Yr	3 Yr*	5 Yr*	10 Yr*	Inception*
Class A (at NAV)	-1.32	-1.32	8.37	8.60	10.85	9.82	11.63
Class A (at POP)	-6.75	-6.75	2.40	6.57	9.60	9.20	11.26
Class I (at NAV)	-1.24	-1.24	8.72	8.98	11.24	N/A	14.31
Russell 2500™ Value Index	-2.65	-2.65	5.72	7.26	9.88	9.34	–

* Average Annual Total Return

Calendar Year Performance (%)

	2017	2016	2015	2014	2013	2012	2011
Class A (at NAV)	15.14	20.74	-3.19	4.55	35.95	15.70	-3.27
Class I (at NAV)	15.51	21.21	-2.86	4.92	36.51	16.18	-2.85
Russell 2500™ Value Index	10.36	25.20	-5.49	7.11	33.32	19.21	-3.36

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.

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.

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 1.28% and 0.94% for Class A and I shares, respectively. The net expense ratios for this fund are 1.28% and 0.94% for Class A and 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 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 investing carries the risk that the market will not recognize a security's intrinsic value for a long time or that a stock will be considered undervalued. The prices of securities the sub-adviser believes are undervalued may not appreciate as anticipated or may go down.

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