

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: The equity markets sprung forward in the third quarter, amid increasing optimism about the global economy and improved confidence in Washington's ability to deliver tax reform. The "reflation trade" re-emerged in the second half of the period, driving interest rates higher and catalyzing a risk-on environment across markets. Pockets of strength among industrials notwithstanding, the recent rally has largely reflected improving sentiment about the future as opposed to an acceleration in current economic activity. Investors have been emboldened by the prospective tax package and appear to be assessing valuation using the assumption of lower corporate tax rates and higher profits. Markets have likewise begun to contemplate what success on the tax front could mean for the rest of the administration's economic agenda and whether an infrastructure bill could be next.

TSW: The quarter can be characterized as a factor driven market with low quality, beta, and momentum factors leading, while value factors sold off. From a market cap perspective, September was notable, as the trend for large cap equities outpacing small caps reversed on heightened expectations for tax reform. In addition to political and macroeconomic sentiment, marketplace themes drove sector and industry movements. Retail and other consumer industries, specifically, were plagued by assumptions that online retailers will extend market share gains in a variety of areas.

Fund Overview

During the third quarter, Transamerica Small/Mid Cap Value underperformed its benchmark, the Russell 2500™ Value Index. Strong performance in small caps, primarily driven by stock selection, added to returns. Mid cap performance detracted from returns and was hurt by both sector allocation stock selection. Top contributors included Michael Kors Holdings, Ltd. (1.10% as of 9/30/17) in the mid cap sleeve and Control4 Corp. (0.77% as of 9/30/17), Orbotech, Ltd. (0.94% as of 9/30/17), and Cohu, Inc. (0.51% as of 9/30/17) in the small cap sleeve. Detractors included Uniti Group, Inc., REIT (0.89% as of 9/30/17), a Real Estate Investment Trust providing infrastructure solutions to telecommunications firms and MEDNAX, Inc., a multispecialty medical services group.

Outlook

Systematic: The economy is on stable footing, and earnings growth remains solid. In the very near term, though, tax reform and budget debates will influence equity markets, especially now that valuations reflect at least some expectation for lower corporate tax rates. Systematic continues to believe the market remains in the later innings of what has proven to be an elongated, muted growth cycle. With the prospects for healthy economic growth in the quarters ahead, their outlook continues to remain constructive. Furthermore, Systematic views their portfolio positioning and valuations relative to the small cap market as favorable.

TSW: Domestic equity valuations continue to be stretched and market volatility remains low relative to historical levels. TSW believes the backdrop of an expensive market influenced by macroeconomic headlines and uncertainty warrants a disciplined and risk-aware approach to investing. TSW believes their disciplined focus on cash flows, probabilistic outcomes, and identifying the highest reward to risk stocks should be of benefit in this environment.

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Risk Measures*

3 years

Alpha	-0.13
Beta	1.03
R-Squared	92.80
Standard Deviation	12.91

*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.

Equity Statistics

Median Market Cap	\$3.52 (B)
Weighted Average Market Cap	\$7.99 (B)

B = Billions

Contributors*

Leading Contributors	Weight (%)	Return (%)	Contribution (%)
Michael Kors Holdings, Ltd.	1.23	32.00	0.49
Control4 Corp.	0.85	50.23	0.36
Dell-VMWare Tracking Stock V	0.94	26.35	0.24

Detractors*

Leading Detractors	Weight (%)	Return (%)	Contribution (%)
Uniti Group, Inc.	1.09	-38.50	-0.51
Mednax, Inc.	1.12	-28.57	-0.36
SCANA Corp.	0.93	-27.31	-0.35

*Source: Morningstar Direct

Top 10 Holdings

	% of Holdings
FirstEnergy Corp.	2.09
MEDNAX, Inc.	1.36
Alleghany Corp.	1.33
CIT Group, Inc.	1.32
Kellogg Co.	1.30
SCANA Corp.	1.30
Casey's General Stores, Inc.	1.30
Discovery Communications, Inc., Class C	1.21
Annaly Capital Management, Inc., REIT	1.20
News Corp., Class A	1.17
Percentage of total portfolio	13.58

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)	1.91	9.09	20.22	10.10	13.06	8.47	11.72
Class A (at POP)	-3.68	3.10	13.60	8.04	11.79	7.86	11.34
Class I (at NAV)	1.99	9.34	20.60	10.49	13.46	8.59	11.36
Russell 2500™ Value Index	3.83	5.86	15.75	9.94	13.25	7.59	–

* Average Annual Total Return

Calendar Year Performance (%)

	2016	2015	2014	2013	2012	2011	2010
Class A (at NAV)	20.74	-3.19	4.55	35.95	15.70	-3.27	29.38
Class I (at NAV)	21.21	-2.86	4.92	36.51	16.18	-2.85	29.99
Russell 2500™ Value Index	25.20	-5.49	7.11	33.32	19.21	-3.36	24.82

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.

Effective December 5, 2016, Thompson, Siegel & Walmsley, LLC assumed responsibility for managing the Mid-Cap Value sleeve and Systematic Financial Management, L.P. continues to manage the Small-Cap Value sleeve.

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 1.31% and 0.95% for Class A and I shares, respectively. The net expense ratios for this fund are 1.31% and 0.95% for Class A and 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 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.

The Russell 2500™ 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.

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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.