

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)

T | S | W

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

TSW: It was a positive quarter for markets with a more measured continuation of investor appetite for risk assets. However, the market ended the last month of the quarter decisively down, with six out of nine sectors in the index posting negative returns. Post-election euphoria seems to have mitigated somewhat, likely on a lack of confidence in specific pro-business policies getting done by Congress and in a timely fashion, which was heightened after a planned modification to the Affordable Care Act was postponed. Conversely, the post-election relative underperformance of more defensive areas of the market such as utilities reversed course and added competitive returns within the index. Over the course of the quarter, technology, health care, and utilities produced the best returns. Energy on the other hand was the only sector to post a negative return as preliminary results show the Organization of Petroleum Exporting Countries (OPEC) production cuts to be ineffective and further complicated by a U.S. shale energy revolution well underway.

Systematic: Systematic's Small Cap Value Free Cash Flow strategy delivered solid returns in a first quarter that saw the equity markets lose some momentum as the post-election euphoria waned. It appears that political gridlock still exists, delaying the tax reform, infrastructure spending, and broad de-regulation that investors have been anticipating. The stock market continued rallying into the new year before paring gains in March, when legislators failed to compromise on health care legislation. The equity markets took that as an ominous sign about Washington D.C.'s ability to successfully act upon key elements of the Trump Administration's economic platform. The economy continued to grow in the quarter, notwithstanding some seasonal softness due, in part, to weather and a slow start to the mailing of tax refunds. Employment data remained a stalwart indicator of the economic cycle's sustainability in its ninth year of expansion. The Federal Reserve again approved a 0.25% increase in its overnight lending rate, reacting to heightened inflation data of late.

Fund Overview

TSW: TSW's Mid Cap Value fund performance finished the quarter above its benchmark. The leading economic sectors, in terms of contribution to the portfolio's relative return, were financial services and health care. Outperformance in financial services was mainly due to TSW's stock selection, although TSW's underweight allocation to the benchmark's second worst performing sector also contributed positively to TSW's performance. Specifically, TSW's selection within REITs and insurance holdings were additive to returns. In health care, the fund benefitted from stock selection in drug distributors, and TSW's lack of exposure to the underperforming pharmaceutical industry. The primary detractors from relative return in the quarter were the consumer staples and producer durables sectors.

Systematic: For the first quarter, Systematic's Small Cap Value Free Cash Flow strategy posted strong absolute returns and outperformed the Russell 2000® Value Index. During the quarter, stock selection had a positive impact on Systematic's performance relative to the Index. Selections in the information technology and industrials sectors outperformed the most, while the financials sector underperformed versus the benchmark. Sector allocation also had a positive impact on Systematic's performance relative to the Index. Systematic's overweight to the information technology sectors positively impacted relative results, while their underweight to the utilities sector had a negative impact on our results relative to the Index.

Outlook

TSW: Valuations have risen significantly over the last three years, making the market more vulnerable to news like Great Britain's decision to leave the European Union, a surprise outcome of the U.S. election, and a more hawkish U.S. Federal Reserve. The continued uncertainty with a new president and congress in place combined with other macro events should result in increasing volatility, which underscores the need for disciplined stock picking.

Systematic: The market's rally has extended valuations, but Systematic continue to find attractively valued stocks with solid financial strength and strong cash flow producing business models. Following the run-up in stock prices over the last year, it figures that 2017 could see investors become more discerning as they separate winners from losers on the basis of valuation and underlying company fundamentals. Systematic remain committed to our process and discipline, which has yielded strong relative performance over the years. Currently trading at 18x Enterprise Value to Free Cash Flow Systematic's portfolio continues to trade at a stark discount to the 33x multiple of the Russell 2000® Value Index.

**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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Risk Characteristics* 3 years

	Portfolio
Alpha	-0.13
Beta	1.05
R-Squared	95.80
Standard Deviation	13.96

*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	\$3.21 (B)
Weighted Average Market Cap	\$8.38 (B)

B = Billions

Contributors*

Leading Contributors	Weight (%)	Return (%)	Contribution (%)
Control4 Corp	0.77	53.24	0.34
Fidelity National Financial Inc	1.64	16.27	0.26
Coherent Inc	0.67	43.89	0.26

Detractors*

Leading Detractors	Weight (%)	Return (%)	Contribution (%)
Fossil Group Inc	0.50	-30.59	-0.18
EMCOR Group Inc	0.50	-10.93	-0.13
KVH Industries Inc	0.35	-25.91	-0.11

*Source: Morningstar Direct

Top 10 Holdings

	% of Holdings
FirstEnergy Corp.	1.81
FNF Group	1.74
PPL Corp.	1.62
Whole Foods Market, Inc.	1.48
AMC Networks, Inc., Class A	1.48
Annaly Capital Management, Inc., REIT	1.46
H&R Block, Inc.	1.38
Cardinal Health, Inc.	1.37
Progressive Corp.	1.29
CIT Group, Inc.	1.26
Percentage of total portfolio	14.89

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)	4.84	4.84	25.31	7.78	12.23	10.04	11.83
Class A (at POP)	-0.92	-0.92	18.43	5.77	10.97	9.42	11.44
Class I (at NAV)	4.92	4.92	25.72	8.16	12.65	10.10	15.09
Russell 2500™ Value Index	1.62	1.62	23.13	7.55	12.92	6.79	–

* 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

Class I shares are primarily offered for investment to institutional investors including, but not limited to, fee-based programs, qualified retirement plans, certain endowment plans and foundations and Directors, Trustees and employees of the funds' affiliates.

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.