

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 Core
Dividend Frequency	Annually

Macroeconomic Overview

The market witnessed a positive quarter with domestic equities performing soundly, outpacing international equities and the overall fixed income market. Within domestic equities, growth continued to outpace value, with the exception of small cap where the Russell 2500™ Value finished the quarter at the top of all nine style boxes. The market continued to face political and macro uncertainty, heightened most notably by concerns around a tariff war between the U.S. and a number of countries. The market did appear to be very factor driven in most of May, with a more normalized market environment in June. The market continues to experience stretched multiples, with value as an asset class continuing to look very attractive relative to its growth counterpart due to a significant disconnect in valuation.

Fund Overview

Systematic: During the second quarter, the small cap value sleeve of Transamerica Small/Mid Cap Value posted a positive return, but trailed the Russell 2000® Value Index. The main driver of relative underperformance was stock selection. Selections in financials and health care underperformed the most, while selections in consumer discretionary outpaced the benchmark. Sector allocation was also a headwind for performance relative to the benchmark. An underweight in energy negatively impacted relative results, while an underweight in financials had a positive impact on results relative to the benchmark.

TSW: The mid cap value sleeve of the Fund finished the quarter above its benchmark. The leading economic sectors were consumer discretionary and producer durables. In consumer discretionary, the Fund benefitted from positive stock selection across industries, most notably a number of companies in media. Alpha generation in producer durables was driven most notably by stock selection in a select few companies, led by a company engaged in medical waste removal, and TSW's underweight in machinery.

Outlook

Systematic: Looking ahead at the broad market, escalating trade tensions seem like the tariff policy version of shared mutual destruction, suggesting that the worst-case scenario is an unlikely one in the middle of a mid-term election year. As such, while rising protectionism remains the market's greatest near-term risk, Systematic is optimistic. Systematic's constructive outlook is underpinned by the health of the U.S. economy, especially a step-up in capital spending after years of underinvestment. As such, Systematic continues to diligently execute their process, identifying new stocks that fit the strategy well and adding to existing holdings at lower valuations.

TSW: TSW expects a continuation of noise in the marketplace leading to increased volatility, thereby creating short-term opportunities. The market continues to trade at a very expensive multiple, which is even further pronounced when comparing growth against value. TSW believes the market ultimately rewards fundamentals and valuation, and there will be reversion to the mean, providing a strong backdrop for active value managers going forward. More importantly, TSW believes the consistent value approach focused on cash flows and probabilistic outcomes presents a very attractive backdrop and sets us up well for adding value above the benchmark over the long haul.

Contributors*

Leading Contributors	Weight (%)	Return (%)	Contribution (%)
Discovery Inc., Class C	1.06	30.64	0.34
Uniti Group, Inc.	0.77	26.98	0.23
AES Corp.	0.98	19.19	0.18

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

**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.**

Transamerica Small/Mid Cap Value

Class A IIVAX | Class I TSVIX

Top 10 Holdings

	% of Holdings
PPL Corp.	1.75
Casey's General Stores, Inc.	1.45
Leidos Holdings, Inc.	1.34
VEREIT, Inc.	1.33
Alleghany Corp.	1.33
DISH Network Corp., Class A	1.31
FirstEnergy Corp.	1.31
Zimmer Biomet Holdings, Inc.	1.21
AerCap Holdings NV	1.20
Cardinal Health, Inc.	1.20
Percentage of total portfolio	13.43

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	\$3.23 (B)
Weighted Average Market Cap	\$8.06 (B)

B = Billions

Total Return Performance (%)

	3 Mo	YTD	1 Yr	3 Yr*	5 Yr*	10 Yr*	Inception*
Class A (at NAV)	3.34	1.98	9.69	9.95	11.32	8.93	11.66
Class A (at POP)	-2.35	-3.63	3.67	7.91	10.07	8.31	11.30
Class I (at NAV)	3.41	2.13	10.04	10.32	11.71	N/A	14.31
Russell 2500™ Value Index	5.80	3.00	11.49	9.76	10.78	10.10	–

* 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.

The gross expense ratios for this fund are 1.28% and 0.94% for Class A and Class I shares, respectively. The net expense ratios for this fund are 1.28% and 0.94% 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.

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.

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.

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 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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