

# Transamerica Large Cap Value

Class A TWQAX | Class I TWQIX

## Investment Objective

The fund seeks long-term capital appreciation.

## Sub-adviser

Levin Capital Strategies, L.P. (Levin)



## Portfolio Managers

John Levin  
Jack Murphy

## Product Profile

A portfolio designed to focus on quality stocks at undervalued prices

- ➔ Contrarian and value-oriented investment philosophy
- ➔ Concentrated approach
- ➔ Research based on fundamental bottom-up stock picking focused on buying quality companies when their stock prices are down
- ➔ Risk management based on incremental buying and selling, rather than market timing

## Fund Facts

Inception Date (A-I)	11/15/10 - 11/15/10
Benchmark Index	Russell 1000® Value Index
Morningstar Category	Large Value
Lipper Category	Large-Cap Value
Dividend Frequency	Quarterly

**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.**

## Macroeconomic Overview

During the fourth quarter of 2018 the Russell 1000 Value Index® declined -11.72%, putting the index down -8.3% for the full year 2018. Sector performance varied widely during the quarter with the best performing sectors being utilities (+1.1%) and consumer staples (-4.2%) and the worst being energy (-24.6%) and industrials (-19.5%). The December quarter brought a sudden end to the U.S. equities market advances that investors had become accustomed to. Volatility seems to have been driven by several interrelated issues. The deceleration of economic growth in China and Europe has become increasingly apparent, and the trade war between the U.S. and China appears to be a major contributing factor. Other domestic political actions that affected equity markets included: President Trump's public disagreements with U.S. Federal Reserve ("Fed") policy, Treasury Secretary Mnuchin confusing investors by calling major banks days before Christmas to discuss bank liquidity, and brinkmanship between President Trump and congressional Democrats leading to a partial government shutdown. Although the U.S. economy has remained robust, investors are concerned about the flattening yield curve and whether the economic slowdown overseas will spread to the U.S. At its December meeting, the Fed stuck to its plan to raise short term rates by 0.25% but alleviated investor concerns somewhat by indicating that there would likely be fewer rate increases in 2019 than had been previously suggested.

## Fund Overview

Transamerica Large Cap Value underperformed the Russell 1000 Value Index® during the December quarter and underperformed for the full year as well. The top contributor to performance in the fourth quarter was TreeHouse Foods, Inc. which reported strong results for its September quarter and also announced potential asset divestitures that were well received by investors. The top detractors from performance included PG&E Corp. (0.00% as of 12/31/18) and oil & gas companies Occidental Petroleum Corp. and Hess Corp. (1.77%). The latter two were down with energy stocks in general as oil prices continued their sharp decline. PG&E Corp. fell dramatically as it was implicated in a major wildfire in northern California in which dozens of people died. Despite the large decline in the stock price, Levin exited the position due to the uncertainties.

## Outlook

Levin believes the recent underperformance is temporary and has created an attractive opportunity set going forward. Levin's method of stock selection employs an intensive bottom-up fundamental research process to identify quality businesses that they believe sell for less than what they are intrinsically worth and that have catalysts for change that can drive their stock prices higher, including management teams focused on creating shareholder value through strategic actions and capital deployment. Levin is comfortable with their contrarian and contra-momentum investment style that is intended to dampen portfolio volatility during down periods.

## Contributors\*

Leading Contributors	Weight (%)	Return (%)	Contribution (%)
Walmart, Inc.	1.11	16.40	0.29
TreeHouse Foods, Inc.	3.81	5.98	0.28
Merck & Co., Inc.	2.44	4.34	0.12

## Detractors\*

Leading Detractors	Weight (%)	Return (%)	Contribution (%)
Occidental Petroleum Corp.	5.61	-24.43	-1.48
American International Group, Inc.	4.74	-25.33	-1.37
PG&E Corp.	1.80	-43.73	-1.33

\*Source: Morningstar Direct

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## Top 10 Holdings

	% of Holdings
DowDuPont, Inc.	6.17
Occidental Petroleum Corp.	5.38
AT&T, Inc.	5.07
American International Group, Inc.	4.64
Eaton Corp. PLC	4.40
General Motors Co.	4.24
TreeHouse Foods, Inc.	4.20
Bio-Rad Laboratories, Inc., Class A	4.01
Citigroup, Inc.	3.69
Intel Corp.	3.63
Percentage of total portfolio	45.43

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	<b>\$27.54 (B)</b>
Weighted Average Market Cap	<b>\$99.81 (B)</b>

**B** = Billions

## Total Return Performance (%)

	3 Mo	YTD	1 Yr	3 Yr*	5 Yr*	10 Yr	Inception*
Class A (at NAV)	-15.50	-10.56	-10.56	6.82	6.20	N/A	10.49
Class A (at POP)	-20.15	-15.45	-15.45	4.81	5.01	N/A	9.72
Class I (at NAV)	-15.57	-10.40	-10.40	7.06	6.48	N/A	10.83
Russell 1000® Value Index	-11.72	-8.27	-8.27	6.95	5.95	N/A	–

\* Average Annual Total Return

## Calendar Year Performance (%)

	2018	2017	2016	2015	2014	2013	2012
Class A (at NAV)	-10.56	12.05	21.60	2.11	8.58	35.48	16.30
Class I (as NAV)	-10.40	12.38	21.86	2.38	8.96	35.84	16.86
Russell 1000® Value Index	-8.27	13.66	17.34	-3.83	13.45	32.53	17.51

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.

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 1.06% and 0.79% for Class A and Class I shares, respectively. The net expense ratios for this fund are 1.06% and 0.79% 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.**

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 Russell 1000® 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. Value investing carries the risk that the market will not recognize a security's intrinsic value for a long time or that an undervalued stock is actually appropriately priced. The fund may be more concentrated than that of a more diversified fund, subjecting it to greater fluctuation and risk.

**Mutual funds are subject to market risk, including the loss of principal. Past performance is not indicative of future results.**

**Mutual Funds are sold by prospectus. Before investing, consider the funds' investment objectives, risks, charges, and expenses. This and other important information is contained in the prospectus. Please go to [www.transamerica.com](http://www.transamerica.com) or contact your financial professional to obtain a prospectus or, if available, a summary prospectus containing this information. Please read it carefully before investing.**

Transamerica Funds are advised by Transamerica Asset Management, Inc. (TAM) and distributed by Transamerica Capital, Inc. (TCI) member of FINRA.

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