

# Transamerica Mid Cap Growth

Class A MCGAX | Class I IMCGX

## Investment Objective

The fund seeks long-term capital appreciation.

## Sub-adviser

Quantum Capital Management (Quantum)



## Portfolio Managers

Howard Aschwald, CFA  
Timothy D. Chatard, CFA

## Product Profile

A concentrated portfolio of high conviction growth stocks with a valuation discipline

- ➔ Experienced portfolio management team dedicated to generating alpha
- ➔ Disciplined investment process seeks to identify select group of equities that have the potential to earn dynamic rates of return led by fundamental stock selection
- ➔ Primarily invests in mid cap companies with the potential to become market leaders

## Fund Facts

Inception Date (A-I)	03/10/17 - 03/10/17
Benchmark Index	Russell Midcap® Growth Index
Morningstar Category	Mid-Cap Growth
Lipper Category	Mid-Cap Growth
Dividend Frequency	Annually

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.

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.

## Macroeconomic Overview

During the third quarter the global markets continued to trend higher on the basis of solid overall economic growth and the expectation of strong corporate earnings in the U.S. There continued to be a divergence in the equity performance between the domestic markets and international markets. The U.S. domestic market was the major contributor to the global uptrend as the majority of economic indicators continued to signify positive expectations into next year. Business and manufacturing activity remained robust, consumer confidence remained strong and job creation was steady during the quarter. Gross domestic product for the second quarter, while not sustainable, grew at a 4.2% annualized rate. The international and emerging markets overall under performed as compared to the U.S. markets in part due to the increased concern over rising interest rates, the strength of the U.S. dollar and the escalation in trade tensions between the U.S. and China. The U.S. Federal Reserve (Fed) increased the benchmark interest rates by 0.25% to a range of 2.00 – 2.25%. This is in line with the Fed's recent mandate of implementing less accommodative monetary policies. It is anticipated that the Fed will raise interest rates at the scheduled December meeting as well as three additional increases during 2019. The markets did react positively on news regarding the trade negotiations with Canada and Mexico. Both countries have signed on to the updated trade agreement which will now be sent to Congress for ratification. While equity markets continue to display their volatility, the asset class remains attractive near term.

## Fund Overview

Transamerica Mid Cap Growth underperformed its benchmark on a relative basis for the third quarter 2018. Stock selection in the consumer staples, health care and utilities sectors positively impacted relative performance, while stock selection in the information technology, energy, consumer discretionary, financial services, materials and producer durables sectors detracted from relative performance. For the third quarter 2018, top contributors included Bio-Techne Corp. (2.09% as of 9/30/18), Workday, Inc., Class A (2.02%), Ulta Beauty, Inc. (3.67%), ITT, Inc., and Universal Health Services, Inc., Class B (3.07%). Top detractors included EQT Corp., Delphi Technologie PLC (2.91%), Stars Group, Inc. (3.59%), Olin Corp., and Eagle Materials, Inc. (3.50%).

## Outlook

The philosophy of Quantum's concentrated equity team is built upon fundamental research, constant discovery, flexibility, and the belief that no single measure of value can be universally applied across all sectors or industries. The research effort seeks companies that exhibit under-recognized growth characteristics, that are attractively valued at purchase, that include an identifiable catalyst, and that present a favorable upside/downside return profile.

## Contributors\*

Leading Contributors	Weight (%)	Return (%)	Contribution (%)
Bio-Techne Corp.	2.51	38.20	0.89
Ulta Beauty, Inc.	3.25	20.84	0.64
Workday, Inc., Class A	3.37	20.53	0.63

## Detractors\*

Leading Detractors	Weight (%)	Return (%)	Contribution (%)
EQT Corp.	4.41	-19.80	-1.01
Delphi Technologies PLC	1.85	-30.75	-0.80
Stars Group, Inc.	2.03	-31.53	-0.67

\*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.**

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## Equity Statistics

Median Market Cap	<b>\$11.68 (B)</b>
Weighted Average Market Cap	<b>\$13.20 (B)</b>

**B** = Billions

## 30-Day SEC Yield

Class A – Subsidized	<b>-0.35%</b>
Class A – Unsubsidized	<b>-0.35%</b>

The **30-Day SEC Yield** is computed in accordance with a standardized method prescribed by rules of the SEC. The 30-Day SEC Yield is computed by dividing the fund's investment income per share earned during a particular 30-day base period by the maximum offering price per share on the last day of the base period, and then annualizing the result. The 30-Day SEC Yield is calculated at each month end and updated within the first ten business days of the following month. Be advised that the 30-Day SEC Yield calculation does not account for return of capital. Please refer to the most recent Annual Report for additional information regarding the composition of distributions. The subsidized 30-Day SEC Yield reflects the reimbursements or waivers of certain expenses. Had fees not been waived and/or expenses reimbursed, the yield would be lower. The unsubsidized 30-Day SEC Yield does not reflect reimbursements or waivers of expense fees.

## Top 10 Holdings

	% of Holdings
Caesars Entertainment Corp.	4.97
EQT Corp.	4.90
Olin Corp.	4.84
BioMarin Pharmaceutical, Inc.	4.25
Skyworks Solutions, Inc.	4.24
Marvell Technology Group, Ltd.	4.23
MasTec, Inc.	4.20
JetBlue Airways Corp.	4.17
Micron Technology, Inc.	4.09
ITT, Inc.	3.82
<b>Percentage of total portfolio</b>	<b>43.71</b>

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

## Total Return Performance (%)

	3 Mo	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception*
Class A (at NAV)	1.36	1.78	8.15	N/A	N/A	N/A	10.04
Class A (at POP)	-4.19	-3.81	2.23	N/A	N/A	N/A	6.12
Class I (at NAV)	1.49	2.04	8.51	N/A	N/A	N/A	10.39
Russell Midcap® Growth Index	7.57	13.38	21.10	N/A	N/A	N/A	–

\* Average Annual Total Return

**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 1.28% and 0.98% for Class A and Class I shares, respectively. The net expense ratios for this fund are 1.28% and 0.98% 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 Midcap® Growth 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.

Returns on growth stocks may not move in tandem with return on other categories of stocks or the market as a whole. Growth stocks may be particularly susceptible to larger price swings or to adverse developments. Growth stocks as a group may be out of favor and underperform the overall equity market for a long period of time, for example, while the market favors "value" stocks. Investing in small and medium-sized companies involves greater risk than is customarily associated with more established companies. The securities of small and mid-capitalization companies are subject to higher volatility than larger, more established companies.

**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.

TAM and Quantum Capital Management are not affiliated companies.

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