

Transamerica Mid Cap Value Opportunities

Class A MCVAX | Class I MVTIX

Investment Objective

The fund seeks to provide investors with long-term capital growth.

Sub-adviser

Thompson, Siegel & Walmsley LLC (TSW)



Portfolio Manager

Brett P. Hawkins, CFA

Product Profile

The fund deploys an active strategy that seeks to provide investors with long-term capital growth by investing primarily in equities of mid-cap companies

- ➔ Securities selected based on a four-factor valuation screen
- ➔ Typically follows sector constraints of +/- 10% vs. Russell Midcap® Value Index

Fund Facts

Inception Date (A-I)	04/30/14 - 04/30/14
Benchmark Index	Russell Midcap® Value Index
Morningstar Category	Mid-Cap Value
Lipper Category	Mid-Cap Value
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 once again outpaced value across the board. The market continued to face political and macro uncertainty, heightened most notably by concerns around a global trade war and the ensuing implications. Markets however have appeared to shrug off much of the uncertainty, as earnings have been strong due in part to tax reform but also sound fundamentals. The market also witnessed the 3rd interest rate hike this year, with another expected in December. In aggregate, sector leadership was mixed, with both pro-cyclical and more defensive sectors posting strong returns. Specifically, producer durables and health care led the pack, while consumer staples and materials were the weakest performers. 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

Transamerica Mid Cap Value Opportunities finished the quarter above its benchmark. The Fund's leading sectors were financials, consumer discretionary, and materials. In financials, the primary contributors were an underweight position to banks and real estate investment trusts and success across a number of insurance holdings including Progressive Corp. (1.01% as of 9/30/18) and Alleghany Corp. Within consumer discretionary, the Fund benefited from a wide range of industries, with Discovery Inc., Class C (1.74%) and Viacom Inc., Class B (1.41%) as the top contributors. Materials as a sector performed poorly, and underweights to the group combined with holdings in Ball Corp. (1.49%) had a notable positive impact on the Fund. The primary detractors from performance were producer durables and energy. Within producer durables, the impact came more from what TSW didn't own than what they did, as industries they are either underweight or have no exposure in did very well (e.g. machinery, aerospace & defense, and electronic equipment instruments). In energy, TSW's holding in Antero Resources Corp., a natural gas E&P company, was impacted by higher trucking costs to move the commodity, as well as headwinds in natural gas pricing. TSW continues to hold the stock and their thesis remains intact.

Outlook

The economy continues to appear to be in good health, with no major indications of recession on the immediate horizon. Political uncertainty, including the upcoming mid-term elections and trade tensions between the U.S. and other global participants, continues to present noise and short-termism in the marketplace. This should cause volatility and create opportunities as stock prices are likely to dislocate from intrinsic value. The market continues to trade at a very expensive multiple, which is even further pronounced when comparing growth against value. The relative valuation of the Russell Midcap Growth® Index to the Russell Midcap Value® index remains north of 2 standard deviations above the historic 10-yr average (using forward EV/EBITDA), indicating a significant disconnect in relative valuation. 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.

Contributors*

Leading Contributors	Weight (%)	Return (%)	Contribution (%)
Casey's General Stores Inc	2.29	23.19	0.51
Ball Corp	1.78	24.04	0.40
Discovery Inc C	2.08	16.00	0.36

Detractors*

Leading Detractors	Weight (%)	Return (%)	Contribution (%)
Antero Resources Corp	1.58	-17.05	-0.28
US Foods Holding Corp	1.40	-18.51	-0.26
Dentsply Sirona Inc	1.58	-13.10	-0.24

*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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Top 10 Holdings

	% of Holdings
Alleghany Corp.	2.36
Willis Towers Watson PLC	2.28
Annaly Capital Management, Inc., REIT	2.25
CIT Group, Inc.	2.23
DISH Network Corp., Class A	2.20
PPL Corp.	2.13
Alliant Energy Corp.	2.01
VEREIT, Inc.	2.01
Molson Coors Brewing Co., Class B	1.99
Cardinal Health, Inc.	1.97
Percentage of total portfolio	21.43

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	\$9.87 (B)
Weighted Average Market Cap	\$12.29 (B)

B = Billions

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 1.09% and 0.86% for Class A and Class I shares, respectively. The net expense ratios for this fund are 1.09% and 0.86% 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® 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.

Investing in mid-sized companies involves greater risk than is customarily associated with more established companies. The securities of mid-sized companies are subject to higher volatility than larger, more established companies. The prices of securities the sub-adviser believes are undervalued may not appreciate as anticipated or may go down. Value approach 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.

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 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 Thompson, Siegel & Walmsley LLC are not affiliated companies.

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Total Return Performance (%)

	3 Mo	YTD	1 Yr	3 Yr*	5 Yr	10 Yr	Inception*
Class A (at NAV)	4.53	5.52	10.37	11.28	N/A	N/A	9.75
Class A (at POP)	-1.21	-0.24	4.27	9.19	N/A	N/A	8.36
Class I (at NAV)	4.58	5.84	10.76	11.59	N/A	N/A	10.05
Russell Midcap® Value Index	3.30	3.13	8.81	13.09	N/A	N/A	–

* Average Annual Total Return

Calendar Year Performance (%)

	2017	2016	2015	2014	2013	2012	2011
Class A (at NAV)	9.35	15.82	1.89	N/A	N/A	N/A	N/A
Class I (at NAV)	9.66	16.09	2.09	N/A	N/A	N/A	N/A
Russell Midcap® Value Index	13.34	20.00	-4.78	N/A	N/A	N/A	N/A

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.