

# Transamerica Multi-Cap Growth

Class A ITSAX | Class I TGPIX

## Investment Objective

The fund seeks long-term capital appreciation.

## Sub-adviser

Alta Capital Management, LLC (Alta)



## Portfolio Managers

Melanie H. Peche, CFA  
Michael O. Tempest

## Product Profile

A portfolio designed to generate excess return relative to the benchmark over the long term and primarily through stock selection.

- ➔ Strategy is based on bottom-up and original fundamental research.
- ➔ Alta is committed to running a concentrated portfolio (30-35) with low annualized turnover (10-35%). The equity style is best described as GARP (growth at reasonable price) or quality growth.
- ➔ Alta will consider selling a position due to valuation, change in investment thesis, and loss protection.

## Fund Facts

Inception Date (A-I)	03/01/00 - 11/30/09
Benchmark Index	Russell 3000® Growth Index
Morningstar Category	Large Growth
Lipper Category	Multi-Cap Growth
Dividend Frequency	Annually

## Macroeconomic Overview

Transamerica Multi-Cap Growth only slightly underperformed a very strong market in the third quarter of 2018, advancing 7.95% vs another breathtaking performance by the Russell 3000(R) Growth Index of 8.88%. Normally when the growth benchmark reaches breakneck heights, the Fund, given its conservative style, does not capture as much of the upside. This quarter, however, the beginnings of a market rotation were felt, out of highly valued, high beta momentum stocks and into more reasonably priced, quality names, primarily in July and part of September. August, on the other hand, was in keeping with the dominant trend of the last three years, fueled by fascination in the index and classic return chasing behavior. Alta believes that the U.S. economic outlook continues to shine bright, with consumer and business confidence propelled by tax cuts. So far, the stock market has brushed off trade tensions, rate hikes, a stronger dollar and higher oil prices and is focused on 20+% earnings growth.

## Fund Overview

The best performing sectors for the Fund on a relative basis were industrials and materials. Industrials was pushed higher by a big comeback in Middleby Corp. (3.06% as of 9/30/18) after a concerning earnings report in the previous quarter. Channel checks point to the company on track. Also, Fastenal Co. (2.62%) and Union Pacific Corp (2.81%) were big contributors. Sherwin-Williams Co. (3.05%) boosted materials, with comp sales there benefiting from the same tailwinds as Lowe's Cos., Inc. (Lowe's) (3.10%) in the consumer discretionary sector. Both Lowe's and TJX Co., Inc. (3.17%) were not enough to overcome weakness in Dollar Tree, Inc. (3.87%) on China trade worries and still slow Family Dollar integration. Information Technology posted the biggest absolute gain for the benchmark and the Fund mostly kept up. Apple, Inc. (6.62%), Check Point Software Technologies, Ltd. (2.70%) and Mastercard, Inc., Class A (3.80%) made big gains partially offset by weakness in LFUS (2.29%), also on China trade worries. Alta believes these are overdone, especially considering the growing content of fuses and electronic components in cars and the relatively low percentage of overall cost. Facebook, Inc., Class A (Facebook) (4.75%) was the Fund's worst absolute performer, still facing regulatory headwinds and media outrage, but should still continue to attract advertisers and users on its multiple platforms. As of October 1, Facebook is no longer part of information technologies but rather communication services.

## Outlook

Thanks to this year's strong profit growth, the U.S. stock market as a whole does not appear as pricey as it did at the beginning of the year, but even some of the most bullish prognosticators are calling the market close to fairly valued. This belies the high amount of dispersion that exists in the market, between the high flying growth-at-any-price stocks and the more reasonably valued, high quality companies. In this environment, Alta advocates more than ever the need to be selective. There may be no specific catalyst to reverse this momentum trade other than the simple fact that it has gotten too lopsided, i.e., the valuations for this section of the market have gotten too stretched. In the meantime, it is Alta's view that it is all the more important to focus on those businesses that are worth owning, that have sustainable competitive positions and that trade at valuations that are more likely to generate a return over the long-term than the market as a whole. In other words, the more conservative end of the growth spectrum is due for a rebound.

## Contributors\*

Leading Contributors	Weight (%)	Return (%)	Contribution (%)
Apple, Inc.	6.74	22.38	1.45
CVS Health Corp.	3.72	23.26	0.84
Middleby Corp.	3.20	23.87	0.75

## Detractors\*

Leading Detractors	Weight (%)	Return (%)	Contribution (%)
Facebook, Inc., Class A	4.97	-15.37	-0.77
Littelfuse, Inc.	2.55	-13.10	-0.37
Dollar Tree, Inc	3.78	-4.06	-0.19

\*Source: Morningstar Direct

**Not insured by FDIC or any federal government agency. May lose value.  
Not a deposit or guaranteed by any bank, bank affiliate, or credit union.**

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## Top 10 Holdings

	% of Holdings
Apple, Inc.	6.62
Alphabet, Inc., Class A	5.12
Booking Holdings, Inc.	4.78
Facebook, Inc., Class A	4.75
Dollar Tree, Inc.	3.87
Mastercard, Inc., Class A	3.80
CVS Health Corp.	3.67
FleetCor Technologies, Inc.	3.27
Ecolab, Inc.	3.19
Intuit, Inc.	3.19
Percentage of total portfolio	42.26

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>\$55.58 (B)</b>
Weighted Average Market Cap	<b>\$180.14 (B)</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.

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 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 1.48% and 0.94% for Class A and Class I shares, respectively. The net expense ratios for this fund are 1.25% 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.**

The Russell 3000® 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.

**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 Alta Capital Management, 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)	7.95	11.14	17.03	8.24	4.17	7.82	2.94
Class A (at POP)	2.07	5.07	10.61	6.20	3.00	7.21	2.63
Class I (at NAV)	8.13	11.42	17.56	8.62	4.53	N/A	9.84
Russell 3000® Growth Index	8.88	16.99	25.89	20.36	16.23	14.18	–

\* Average Annual Total Return

## Calendar Year Performance (%)

	2017	2016	2015	2014	2013	2012	2011
Class A (at NAV)	22.84	-11.33	-5.80	-0.88	38.06	8.62	-9.68
Class I (at NAV)	23.36	-11.08	-5.42	-0.58	38.70	9.23	-9.08
Russell 3000® Growth Index	29.59	7.39	5.09	12.44	34.23	15.21	2.18

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.