

Transamerica Small Cap Value

Class A TSLAX | Class I TSLIX

Investment Objective

The fund seeks long-term capital appreciation.

Sub-adviser

Boston Advisors, LLC (Boston Advisors)

BOSTON ADVISORS

Portfolio Managers

James W. Gaul, CFA
 David Hanna
 Douglas A. Riley, CFA
 Michael J. Vogelzang, CFA

Product Profile

Small-cap value strategy designed to consistently generate excess return relative to the benchmark primarily through stock selection.

- ➔ The strategy is a unique combination of proprietary, robust quantitative modeling and fundamental research.
- ➔ Boston Advisors uses a proprietary economic Regime Model, which influences the factor set and factor weights in the stock selection model during different market conditions (bull, bear and efficient). Regime Model also informs the portfolio managers as part of the portfolio construction process.
- ➔ The strategy is managed to be "style pure" to the Russell 2000® Value Index.

Fund Facts

Inception Date (A-I)	04/21/17 - 04/21/17
Benchmark Index	Russell 2000® Value Index
Morningstar Category	Small Blend
Lipper Category	Small-Cap Value
Dividend Frequency	Annually

Macroeconomic Overview

It was another strong quarter for U.S. equities. All major size and style indices were positive. Large outperformed small, and growth outperformed value. The benchmark Russell 2000® Value Index was the weakest of the group, returning 1.60%. On the other end of the spectrum was large growth, which rose a very strong 9.17%. The caveat for quarterly index performance is that most of the return was in place by the end of August, and the month of September was generally weak, with small cap indices experiencing returns of around -2.5%. Volatility, as measured by the VIX Index, has continued to hover in the low teens after the spike earlier in the year. Despite headline issues like trade, a generally positive economic picture remained intact. Growth was solid in the U.S., inflation was stable, and the U.S. Federal Reserve (Fed) continued on a prudent, well-communicated course. Interest rates did finish the quarter at 5-year highs, though, and bear watching.

Fund Overview

Transamerica Small Cap Value lagged behind the benchmark for the quarter. Stock selection was the primary culprit. The Fund's weakest area was the bank group within financials. While banks in the benchmark fell 1.48% on average, several holdings declined over 10%, including Customers Bancorp (0.00% as of 9/30/18), Eagle Bancorp, Inc. (1.01% as of 9/30/18) and BankUnited, Inc. (1.26%). The first two fell after quarterly earnings misses, and BankUnited was downgraded by an analyst. The best sector for stock selection was consumer discretionary. Malibu Boats, Inc., Class A (1.73%) and Callaway Golf Co. both continued their strong year-to-date performance. Regarding factor returns, the Fund's exposure to value cost 0.25%, but the impact was minimized due to a reduced exposure to the factor. Sector allocation was a slight detraction, though an overweight to the strong health care sector added 0.13%.

Outlook

The economic and market outlooks remain constructive. Economic signals remain healthy, with growth continuing to look stronger than in the recent past, while inflation is under control. Earnings growth is still attractive and market valuations are reasonable given economic strength. Boston Advisors continues to expect generally positive returns and volatility that remains at recent levels. Pullbacks could always occur, and at this point would likely be triggered by cautious guidance during quarterly earnings calls, at which companies will begin to provide more guidance for the coming year, or economic numbers that suggest rates will rise more quickly than expected. From a portfolio perspective, sector exposures are muted, with most close to benchmark weights. An exception is in the newly constructed communication services sector, where the portfolio has no holdings and is 3.1% underweight.

Contributors*

Leading Contributors	Weight (%)	Return (%)	Contribution (%)
Malibu Boats, Inc., Class A	1.65	30.47	0.49
Harsco Corp.	1.71	29.19	0.44
Emergent BioSolutions, Inc.	1.60	30.38	0.43

Detractors*

Leading Detractors	Weight (%)	Return (%)	Contribution (%)
National Storage Affiliates Trust, REIT	1.86	-16.58	-0.34
Supernus Pharmaceuticals, Inc.	1.31	-15.87	-0.25
Central Garden & Pet Co., Class A	1.25	-18.11	-0.25

*Source: Morningstar Direct

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.

**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
STAG Industrial, Inc., REIT	2.00
NextEra Energy Partners, LP	1.94
Senior Housing Properties Trust, REIT	1.92
Harsco Corp.	1.91
Callaway Golf Co.	1.90
Portland General Electric Co.	1.84
Emergent BioSolutions, Inc.	1.82
Washington Federal, Inc.	1.82
Cathay General Bancorp	1.77
CNO Financial Group, Inc.	1.76
Percentage of total portfolio	18.68

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	\$2.31 (B)
Weighted Average Market Cap	\$2.48 (B)

B = Billions

Total Return Performance (%)

	3 Mo	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception*
Class A (at NAV)	0.68	1.20	3.34	N/A	N/A	N/A	7.23
Class A (at POP)	-4.85	-4.39	-2.34	N/A	N/A	N/A	3.14
Class I (at NAV)	0.68	1.37	3.55	N/A	N/A	N/A	7.47
Russell 2000® Value Index	1.60	7.14	9.33	N/A	N/A	N/A	–

* Average Annual Total Return

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.

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 1.43% and 1.06% for Class A and Class I shares, respectively. The net expense ratios for this fund are 1.30% and 1.05% 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 2000® 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. 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 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 "growth" stocks. The prices of securities the sub-adviser believes are undervalued may not appreciate as anticipated or may go down.

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.

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