

TRANSAMERICA SMALL CAP VALUE

A | TSLAX | 04/21/2017 C | TSLCX | 04/21/2017 I | TSLIX | 04/21/2017

INVESTMENT OBJECTIVE

The fund seeks long-term capital appreciation.

KEY FACTS

Investment Manager	Transamerica Asset Management, Inc. (TAM)
Morningstar Category	Small Value
Lipper Category	Small-Cap Value
Dividend Frequency	Annually
Primary Benchmark	Russell 2000® Value Index

SUB-ADVISER



Peregrine Capital Management, LLC

PORTFOLIO MANAGERS

Jason R. Ballsrud, CFA
Tasso H. Coin, Jr., CFA
Douglas G. Pugh, CFA

MACROECONOMIC OVERVIEW

Markets staged a healthy recovery in the first quarter recovering some of the losses from the 4th quarter of 2018. The sharp “V” shaped recovery that started the day after Christmas continued until late February before retracing in response to a steep drop in interest rates and a flattening of the yield curve. The rapid decline in yields and a near inversion of the yield curve is a very negative signal for equities and especially small value which has the highest economic sensitivity to the yield curve given its sector exposures. The last week of the quarter saw a mild bounce into quarter-end. Throughout this volatility it was once again small growth stocks that out-shined small value through every machination the markets experienced in the quarter with value trailing by a over 5%.

FUND OVERVIEW

Transamerica Small Cap Value, as a pure value fund performed well generating out-performance in a quarter which saw small cap growth stocks outperform small value stocks by significant margin. Late in the fourth quarter amidst the sell-off Peregrine added to positions purchased several new names that were most mis-priced in the panic market. These actions added to performance in the first quarter. All sectors with the exception of the defensive consumer staples were in positive absolute territory for the quarter. Contributors to performance include the consumer discretionary and energy sectors both aided by solid stock selection. The health care sector was a mild detractor for the first quarter driven primarily by two stocks that lagged the sector's strong performance.

OUTLOOK

From Peregrine's perspective, the quarter saw the growth/value performance disparity widen further in the quarter, which had been already in record territory with the only comparison in modern times being the tech bubble of 1999. With stabilization of the rate curve and confidence in a recession being avoided we feel value could assume market leadership which would be a significant positive for Peregrine given the fund's pure value positioning. The fund currently trades at 1.2x price-to-book and 12.1x price-to-earnings, both very attractive valuations compared to long-term averages and relative to current fundamentals of the underlying businesses which are healthy.

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 decision.

TRANSAMERICA SMALL CAP VALUE

as of 03/31/2019

AVERAGE ANNUAL TOTAL RETURNS (%)

	3M	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Class A (at NAV)	12.12	12.12	-5.31	-	-	-	-0.35
Class A (at POP)	6.01	6.01	-10.52	-	-	-	-3.19
Russell 2000® Value Index	11.93	11.93	0.17	10.86	5.59	14.12	-

The data shown 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. Performance for other share classes will vary.

FEES (%)

	A	C	I
Gross Expense Ratio	1.40	2.01	1.02
Net Expense Ratio	1.30	2.01	1.02

The Max Sales Charge for Class A shares is 5.50%. There are no sales charges for 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 minimum investment for Class I shares is \$1,000,000 per fund account, but will be waived for certain investors. 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. Contractual arrangements, if any, have been made with Transamerica Asset Management, Inc. through 03/01/2020.

CONTRIBUTORS & DETRACTORS (%)

Leading contributors	Contribution	Weight	Return
Lantheus Holdings Inc	0.90	1.81	56.42
Select Energy Services Inc Class A	0.70	1.02	90.19
eHealth Inc	0.63	0.92	54.40
Leading detractors	Contribution	Weight	Return
Capital Senior Living Corp	-0.24	0.46	-41.32
AMN Healthcare Services Inc	-0.27	1.40	-16.89
Casa Systems Inc	-0.37	0.75	-36.79

Source: Morningstar Direct

TOP 10 HOLDINGS (%)

Lantheus Holdings, Inc.	2.19
MasTec, Inc.	1.61
Lumentum Holdings, Inc.	1.39
FormFactor, Inc.	1.34
Select Energy Services, Inc., Class A	1.33
Knowles Corp.	1.28
Hertz Global Holdings, Inc.	1.28
Century Communities, Inc.	1.26
Corporate Office Properties Trust, REIT	1.25
IMAX Corp.	1.21
Total	14.14

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

Prior to November 1, 2018, a different sub-adviser managed the fund and it used different investment strategies. The performance set forth prior to that date is attributable to a previous sub-adviser.

The fund acquired the assets and assumed the liabilities of three Transamerica Partners funds, including Transamerica Partners Institutional Small Value (the "predecessor fund"), on April 21, 2017, and the predecessor fund is the accounting and performance survivor of the reorganizations. This means that the predecessor fund's financial and performance history became the financial and performance history of the fund. In the reorganization of the predecessor fund, shareholders of the predecessor fund received Class R4 shares of the fund. The performance of Class R4 shares includes the performance of the predecessor fund prior to the reorganization, and has not been restated to reflect the estimated annual operating expenses of Class R4 shares. Please read the prospectus for more information.

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.

Shares may be sold (or "redeemed") on any day the New York Stock Exchange is open for business. Proceeds from the redemption of shares will usually be sent to the redeeming shareholder within three business days after receipt in good order of a request for redemption. However, Transamerica Funds has the right to take up to seven days to pay redemption proceeds, and may postpone payment under certain circumstances, as authorized by law.

Mutual funds are subject to market risk, including 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.

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