

TRANSAMERICA LARGE CAP VALUE

A | TWQAX | 11/15/2010 C | TWQCX | 11/15/2010 I | TWQIX | 11/15/2010

INVESTMENT OBJECTIVE

The fund seeks long-term capital appreciation.

KEY FACTS

Investment Manager	Transamerica Asset Management, Inc. (TAM)
Morningstar Category	Large Value
Lipper Category	Large-Cap Value
Dividend Frequency	Quarterly
Primary Benchmark	Russell 1000® Value Index

SUB-ADVISER



Levin Easterly Partners LLC (LEP)

PORTFOLIO MANAGERS

Jack Murphy
Christopher Susantin

MACROECONOMIC OVERVIEW

During the second quarter of 2019 the Russell 1000® Value Index advanced +3.8%. The best performing sectors in the index were financials (+7.7%), industrials (+6.5%), and communications services (+6.5%). The worst were energy (-3.6%) and real estate (+1.0%). The second quarter was notable for a sharp correction in May followed by a very strong advance in June. Developments contributing to the May sell-off were an escalation of the trade war between the U.S. and China, further signs of a slowing U.S. economy, and falling U.S. Treasury yields leading to an inverted yield curve. Yield curve inversions have often historically preceded economic slowdowns or recessions. During the rally in June, investors seemed especially encouraged by indications that the U.S. Federal Reserve (Fed) is ready to respond to further economic weakness by cutting interest rates and that these cuts would be effective in avoiding a potential recession. Also boosting markets was more optimism over the stop-and-go negotiations to address the U.S.-China trade war. However, macroeconomic data has generally not improved, and LEP's conversations with company management teams indicate that the U.S. industrial economy remains soft. Even so, interest rates are low on a historical basis, the U.S. economy appears to be showing more resilience than most overseas economies, and cash flows remain strong for many corporations.

FUND OVERVIEW

The Fund significantly underperformed the Russell 1000® Value Index during the June quarter with all the underperformance coming from stock selection. Sector weights had a small negative effect. The top contributor to performance in the first quarter was multi-line insurer American International Group, Inc. (AIG). AIG reported strong results for the first quarter and gave favorable guidance going forward. It remains one of the largest positions. Among the largest detractors from performance during the quarter was Occidental Petroleum Corp. (Occidental), which made an offer to acquire Anadarko Petroleum Corp. (0.00% as of 6/30/2019), outbidding a previous offer from Chevron Corp. (0.00%). Occidental's offer contravened management's longstanding guidance on their strategic plans, surprising its shareholders, who generally viewed it negatively. The stock is now selling at a very low valuation versus its peers and has several potential catalysts that could drive its price higher, including vulnerability to be acquired itself.

OUTLOOK

LEP's method of stock selection employs an intensive bottom-up fundamental research process to identify quality businesses that it believes sell for less than what they are intrinsically worth and that have catalysts for change that can drive their stock prices higher, including management teams focused on creating shareholder value through strategic actions and capital deployment. As a contrarian value manager, LEP is naturally a buyer of uncertainty, and during the June quarter, particularly in May, the market was selling the types of securities that are the hallmark of its strategy. While market environments in which investors flee to perceived "safety" over uncertainty can be painful in the near-term, LEP's discipline, process, and consistency has been proven over many market cycles, and they believe there is significant pent-up performance in many portfolio positions.

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 LARGE CAP VALUE

as of 06/30/2019

AVERAGE ANNUAL TOTAL RETURNS (%)

	3M	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Class A (at NAV)	0.27	13.67	0.85	9.08	7.97	-	11.50
Class I (at NAV)	0.24	13.85	1.04	9.35	8.25	-	11.85
Class A (at POP)	-5.25	7.37	-4.73	7.04	6.75	-	10.77
Russell 1000® Value Index	3.84	16.24	8.46	10.19	7.46	-	-

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	1.08	1.80	0.80
Net Expense Ratio	1.08	1.80	0.80

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
American International Group Inc	1.32	5.70	24.48
JPMorgan Chase & Co	0.58	5.23	11.28
Walmart Inc	0.51	3.50	13.89
Leading Detractors	Contribution	Weight	Return
DuPont de Nemours Inc	-0.57	3.29	-15.46
CommScope Holding Co Inc	-0.96	2.90	-27.61
Occidental Petroleum Corp	-1.12	4.30	-22.81

Source: Morningstar Direct

TOP 10 HOLDINGS (%)

American International Group, Inc.	5.64
Bio-Rad Laboratories, Inc., Class A	5.38
JPMorgan Chase & Co.	5.11
AT&T, Inc.	4.67
Occidental Petroleum Corp.	4.35
CenterPoint Energy, Inc.	4.06
Citigroup, Inc.	3.98
General Motors Co.	3.88
Pfizer, Inc.	3.65
DuPont de Nemours, Inc.	3.63
Total	44.35

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

The Russell 1000® 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. 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. The Fund may be more concentrated than that of a more diversified fund, subjecting it to greater fluctuation and risk. 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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