

TRANSAMERICA DIVIDEND FOCUSED

A | TDFAX | 01/04/2013 C | TDFCX | 01/04/2013 I | TDFIX | 01/04/2013

INVESTMENT OBJECTIVE

The fund seeks total return gained from the combination of dividend yield, growth of dividends and capital appreciation.

KEY FACTS

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

SUB-ADVISER

BARROW, HANLEY, MEWHINNEY & STRAUSS

Barrow, Hanley, Mewhinney & Strauss, LLC
(BHMS)

PORTFOLIO MANAGERS

Ray Nixon, Jr.
Brad Kinkelaar
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MACROECONOMIC OVERVIEW

As 2019 began, it was noted that there was distress in virtually every asset class on the investment landscape, perhaps with the exception of U.S. Treasury bonds. Distress has quickly turned to excess, as nearly every equity benchmark jumped more than 10% for the first quarter – and growth benchmarks surged more than 15%. In fact, the S&P 500® Index is off to its best start since 1998. As has so often been the case during the current bull market, the U.S. Federal Reserve (Fed) played a central role in the equity market “melt-up” in the first quarter of 2019. Investors’ appetite for risk returned with a vengeance once it became clear that the Fed was taking its cues (yet again) not only from economic data, but also from the reaction in the stock market. Every sector in the S&P 500® rose sharply during the quarter, but the dispersion among sectors was remarkable. Technology stocks were yet again ascendant, rising almost 20%. The energy sector was also notable for its very strong rebound from its place among the worst performers, down 23% in the fourth quarter of 2018. Health care was the worst-performing sector, followed by financials, which were hurt by declining bond yields and a flat yield curve.

FUND OVERVIEW

Transamerica Dividend Focused posted double-digit returns and was roughly in-line with the Russell 1000® Value Index during the quarter. As with any rapidly rising market led by price/earnings expansion and not by fundamentals, the focus on earnings and meaningful and growing dividends was a headwind during the quarter. On a sector basis versus the Russell 1000® Value Index, allocation to, and stock selection within, the industrials sector, as well as stock selection within the consumer discretionary and consumer staples sectors added to relative performance. Stock selection within health care and energy, as well as the fund’s underweight to the strong performing technology sector, detracted from relative performance.

OUTLOOK

To observe the current market environment, it seems clear that this bull market advance is mature (one might even say long in the tooth), and volatility has increased. In addition, there are several hallmarks of a late-cycle advance witnessed before, including strong benchmark performance with returns driven by increasingly outsized weightings in a narrow group of stocks that have led the market for an extended period, i.e. technology and internet-related stocks within the growth benchmarks and the S&P 500® Index. Also indicative of late-cycle bull markets is increased volatility (which has been seen a dramatic increase over the past year), and companies struggling to maintain robust organic earnings growth, instead relying on share repurchases, acquisitions, etc. In this environment, the market then becomes increasingly dependent on price/earnings expansion to fuel further gains – a tall order following a ten-year bull market. As always, BHMS seek stocks with meaningful valuation discounts to the overall market and those with the potential to return to normalized profitability that are underappreciated by investors – a sharp contrast to many of the highly-valued growth stocks with high expectations for future profit growth. BHMS appreciates your partnership and continued confidence in the firm.

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.

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as of 03/31/2019

AVERAGE ANNUAL TOTAL RETURNS (%)

	3M	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Class A (at NAV)	11.31	11.31	1.22	8.63	6.02	-	9.68
Class I (at NAV)	11.23	11.23	1.31	8.79	6.18	-	9.86
Class A (at POP)	5.18	5.18	-4.35	6.60	4.83	-	8.70
Russell 1000® Value Index	11.93	11.93	5.67	10.45	7.72	-	-

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	1.03	1.86	0.85
Net Expense Ratio	1.03	1.86	0.85

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
General Electric Co	0.91	3.22	34.09
Johnson Controls International PLC	0.76	3.19	25.49
Philip Morris International Inc	0.69	2.26	34.11
Leading detractors	Contribution	Weight	Return
Altria Group Inc	-0.04	0.30	-2.19
Pfizer Inc	-0.06	2.93	-1.88
CVS Health Corp	-0.59	2.99	-17.06

Source: Morningstar Direct

TOP 10 HOLDINGS (%)

Entergy Corp.	4.01
Dominion Energy, Inc.	3.78
Exelon Corp.	3.73
United Technologies Corp.	3.52
JPMorgan Chase & Co.	3.48
Wells Fargo & Co.	3.44
Johnson Controls International PLC	3.44
General Electric Co.	3.35
US Bancorp	3.34
Linde PLC	3.25
Total	35.34

Holdings 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.

Focused funds are less diversified than other mutual funds; therefore, the performance of each holding in a focused fund has a greater impact upon the overall portfolio, which increases the risks associated with investing in the Fund. Value investing carries the risk that the market will not recognize a security's intrinsic value for a long time or that a stock considered undervalued is actually appropriately priced. ADRs involve the same risk as foreign securities including currency fluctuations, adverse social and political developments, and relatively small size and lesser liquidity of the markets. Dividend income may vary depending on market performance and is not guaranteed. A company's future ability to pay dividends may be limited.

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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