

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 Funds

Dividend Frequency

Quarterly

Benchmark

Russell 1000[®] Value Index

SUB-ADVISER



Great Lakes Advisors LLC (Great Lakes)

PORTFOLIO MANAGERS

Paul Roukis, CFA
Jeff Agne

MACROECONOMIC OVERVIEW

Equity markets met their match in the first quarter against geopolitical uncertainty, artificial intelligence (AI) disruption fears, and a sudden shift in monetary policy expectations. What started out as a fundamentally sound backdrop for further equity market gains quickly developed into a multi-faceted wall of worry. Skyrocketing oil prices (WTI +65% from the beginning of the year) due to Middle Eastern supply shocks were front and center, fueling concerns about a renewed bout of inflation just as tangible progress was being made on core inflation. While the magnitude and duration of this supply shock will ultimately determine the impact on growth and inflation, at a minimum it likely puts the U.S. Federal Reserve's (Fed) monetary-easing policies on hold for now. To add insult to injury, geopolitics wasn't the only concern that investors had to contend with, as rapidly evolving AI applications threaten software, service and analytics business models, not to mention the fear-factor impact on labor substitution (i.e., mass white-collar layoffs). It was a lot for equity investors to digest in a span of a few weeks, especially for a market that came into the new year with high expectations (trading at nearly 22x forward earnings expectations).

FUND OVERVIEW

For the quarter, Transamerica Large Cap Value underperformed the Russell 1000[®] Value benchmark on a gross-of-fees basis. Inflection points typically have been a challenge for the fund's investment process, which was the case during the first quarter, reflecting the broad-based rotation to energy, telecommunication and utility stocks. Despite the market turmoil in the first quarter, positive earnings estimate revisions, growth and quality factors underperformed at the expense of momentum and dividend-yield. The fund's relative under-performance to the benchmark was largely driven by poor stock selection, as sector allocation was moderately negative. Stock selection was particularly weak among our holdings in healthcare and consumer services, only partially offset by strength in energy and consumer staples. The Russell 1000[®] Value benchmark handily outperformed its growth counterpart (by roughly 12 percentage points), despite continued positive upwards earnings revisions for the growth benchmark. To be sure, energy stocks were the standouts during a period of rising commodity prices, and they feature more prominently in the value benchmark. The fund has a roughly neutral position to energy stocks versus the benchmark, which act as a natural hedge to geopolitical uncertainty.

OUTLOOK

The U.S. economy remains solid, though arguably is in a more fragile state following the spike in oil prices. Coming into the year, estimates had been trending upwards for the US economy, with growth pushing into the mid-2.0% range (consistent with the 2.5% annual growth rate since 2000). While much has been discussed about the divergence in consumer spend trends among the upper, middle and lower classes, as highlighted by the K-shaped economy, the fact is that consumer spending has remained resilient on a broad scale (4% plus growth). Add in the massive infrastructure investments being made in AI, manufacturing automation and power, and the U.S. economy had a constructive set-up coming into 2026, especially when complemented by tax cuts associated with the One Big Beautiful Bill and de-regulation. Depending on the magnitude and duration of the oil spike and turmoil in the Middle East, it's safe to say that growth expectations will moderate to some degree, along with expectations for additional rate cuts by the Federal Reserve. Even so, the U.S. is better protected against rising oil prices than others given its energy independence and has good momentum with structural productivity tailwinds.

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.

Average annual total returns and expense ratios (%)

	3M	YTD	1 YR	3 YRS	5 YRS	10 YRS	Inception	Gross	Net
Class I (at NAV)	0.01	0.01	22.27	17.85	12.09	11.01	11.74	0.72	0.63
Class A (at NAV)	-0.11	-0.11	21.87	17.43	11.68	10.63	11.36	0.97	0.97
Class A (at POP)	-5.58	-5.58	15.20	15.23	10.43	10.00	10.95	0.97	0.97
Russell 1000® Value Index	2.10	2.10	15.87	14.31	9.43	10.58	-	-	-

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](https://www.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.

The Max Sales Charge for Class A shares is 5.50%. There are no sales charges for Class I shares. 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 3/1/2027.

Top 10 holdings (%)

Exxon Mobil Corp.	4.45
Alphabet, Inc., Class A	4.01
JPMorgan Chase & Co.	3.66
RTX Corp.	3.08
Wells Fargo & Co.	2.86
Amazon.com, Inc.	2.80
TJX Cos., Inc.	2.78
Linde PLC	2.74
Micron Technology, Inc.	2.71
Parker-Hannifin Corp.	2.59
Total	31.68

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

Contributors & Detractors (%)

Leading Contributors	Contribution	Weight*	Return**
Exxon Mobil Corp	1.32	3.69	41.95
Micron Technology Inc	0.76	3.50	18.43
ConocoPhillips	0.68	1.85	42.08
Leading Detractors	Contribution	Weight	Return
Fox Corp Class A	-0.48	2.11	-19.69
Wells Fargo & Co	-0.55	3.34	-14.17
Boston Scientific Corp	-0.66	1.57	-34.19

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*Average portfolio weight for each security during the course of the quarter, calculated using daily holdings.

**The return for each security corresponds to the portion of the quarter when the fund held the security.

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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 two 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 visit [transamerica.com](https://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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