

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 Core Funds

Dividend Frequency

Annually

Benchmark

Russell 2000[®] Value Index

SUB-ADVISER



Systematic Financial Management, L.P. (Systematic)

PORTFOLIO MANAGERS

Kenneth Burgess, CFA
Rick Plummer, CFA
W. Ryan Wick, CFA

MACROECONOMIC OVERVIEW

Small cap stocks regained momentum in November, helping deliver decent returns in the final three months of 2025. The major indices pulled back early in the fourth quarter amid the Federal Government shutdown as well as fears that a suspected bubble in artificial intelligence (AI) investment would pop. The government's reopening in mid-November helped stabilize sentiment on Wall Street, although a signal from the U.S. Federal Reserve (Fed) that another rate cut was likely in December was the greatest catalyst of the market's rally into year end. Stocks' late-year strength transpired despite signs of cooling in the labor market, where unemployment began to normalize above the unusually low levels of the post-pandemic period. Dissent from both hawkish and doveish voters at the Fed crystallized the risks and uncertainty still lingering from the selective imposition of tariffs earlier in 2025. One reason for this lack of consensus is that policymakers, much like investors, operated amid a temporary void of government data due to the shutdown during the fourth quarter. As the year ended, the Bureau of Economic Analysis would eventually report an initial third-quarter GDP reading of 4.3%, a strong result that mirrored a series of healthy earnings reports for the period. Consumer Price Index (CPI) data, meanwhile, showed a decline in core inflation.

FUND OVERVIEW

Transamerica Small Cap Value outperformed the Russell 2000[®] Value Index during the fourth quarter, driven largely by strong stock selection in the Information Technology sector, particularly within undervalued areas of the AI supply chain. The fund trailed the benchmark for the year as a whole, however. The robust market recovery drove a rotation into small cap stocks in 2025, and in the final three months, the value indices were particularly advantaged over core benchmarks. Given the heavy flow of assets into passive small cap value vehicles, it was a difficult year for active small cap value managers to keep pace with the Index, because those passive flows propped up the stocks in the benchmark and made it, collectively, difficult to beat. Since the market bottom in early April, when the Trump Administration delayed the "Liberation Day" tariffs, quality stocks have not been consistently rewarded on Wall Street. The shares of money losing companies have outperformed amid an irrational "flight to risk" trading environment, which has also lifted stock prices of companies with poor debt coverage. These trends continued in the fourth quarter, although to a lesser extent, and, encouragingly, the final three months of the year saw firms with very strong debt coverage begin to outpace the benchmark again. Indeed, the outperformance of low-quality companies in the initial quarters following a bear market is a common dynamic, and one that tends to wane, and then reverse, over time. Systematic expects that cadence to play out once again during 2026. The strong stock selection more than offset negative sector allocation during the final quarter of 2025. In terms of stock selection, outperformance in the Financials and Communications Services sectors added to Information Technology's favorable contribution. Conversely, selection in the Health Care sector detracted from relative performance, along with portfolio stocks in the Industrials and Energy sectors. Regarding sector allocation, overweights to the Information Technology and Industrials sectors were a slight drag on relative performance, while underweights to the Utilities and Real Estate sectors were contributors in the quarter. The overweight to the Information Technology sector was, of course, more than offset by the strong stock picking in that arena.

OUTLOOK

Systematic remains committed to its philosophy and process, investing in quality companies with solid balance sheets and strong debt coverage, at attractive valuations. The sub-adviser believes its style of investing will be especially well-suited for the fragile economy that has taken shape outside the realm of AI. To be clear, in Systematic's view, the economy appears to have enough momentum for the economic cycle to continue even if the labor market were to further soften and/or the consumer turn fickle. The strong balance sheets and internal capital generation found in the companies held in this portfolio should provide adequate safety should these headwinds arise. Looking ahead, history suggests that fundamentals and underlying company quality should matter again in 2026; low-quality rallies like the one experienced last year have largely proven fleeting.

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 A (at NAV)	3.91	9.10	9.10	9.83	7.99	-	5.96	1.41	1.29
Class I (at NAV)	4.09	9.38	9.38	10.15	8.30	-	6.28	1.07	0.99
Class A (at POP)	-1.74	3.09	3.09	7.80	6.76	-	5.28	1.41	1.29
Russell 2000® Value Index	3.26	12.59	12.59	11.73	8.88	-	-	-	-

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 3/1/2026.

Top 10 holdings (%)

Mueller Industries, Inc.	2.28
EMCOR Group, Inc.	1.94
Northwestern Energy Group, Inc.	1.86
Webster Financial Corp.	1.80
Tower Semiconductor Ltd.	1.79
Magnolia Oil & Gas Corp., Class A	1.64
Jazz Pharmaceuticals PLC	1.60
OSI Systems, Inc.	1.57
Piper Sandler Cos.	1.54
Atlantic Union Bankshares Corp.	1.50
Total	17.52

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**
Tower Semiconductor Ltd	0.86	1.64	64.24
Coherent Corp	0.43	0.83	71.34
Jazz Pharmaceuticals PLC	0.37	1.46	28.98
Leading Detractors	Contribution	Weight	Return
Perrigo Co PLC	-0.27	0.56	-36.14
LSI Industries Inc	-0.37	1.41	-22.19
Stride Inc	-0.65	0.70	-56.41

Source: Morningstar Direct. ©2025 Morningstar. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

*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.

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® and other service marks and trademarks related to the Russell indexes are trademarks of the London Stock Exchange Group companies.

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 be more at risk than larger capitalization companies because, among other things, they may have limited product lines, operating history, market or financial resources, or because they may depend on limited management groups. 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 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.

Transamerica Funds are advised by Transamerica Asset Management, Inc. (TAM) and distributed by Transamerica Capital, LLC, member FINRA. Transamerica Companies and Systematic are not affiliated companies. 1801 California St. Suite 5200, Denver, CO 80202

© 2026 Transamerica Corporation. All Rights Reserved.

112521R28

01/26