

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

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MACROECONOMIC OVERVIEW

Transamerica Small Cap Value generated a solid mid-single-digit return in the first quarter of 2026, as the market rotation into the small cap value asset class persisted. This performance occurred despite heightened macroeconomic and geopolitical uncertainty, particularly stemming from U.S. military action in Iran. While the military operation itself has been successful, Iran's shutdown of the Strait of Hormuz has significantly disrupted global oil flows, tightening supply and driving prices sharply higher. This shock has introduced a range of second- and third-order effects, including renewed inflationary pressures and rising geopolitical tensions. These dynamics threaten economic growth by raising transportation, raw materials, and energy costs, at a time when consumers have already been stressed by years of elevated inflation. Business investment has picked up some of the slack. In particular, artificial intelligence (AI) continues to support economic activity through the build-out and operation of data centers, domestic semiconductor factories, and electric infrastructure. From an equity market perspective, investor focus broadened beyond a narrow group of large-cap growth stocks in the first quarter, toward smaller, more attractively valued companies. This shift has benefited the small cap value asset class, as well as the fund itself. Investor sentiment became more discerning during the quarter. In addition to energy price volatility, markets contended with shifting tariff policies, a K-shaped economic environment disproportionately hurting lower-income consumers, and another partial government shutdown. In this context, higher-quality companies—characterized by strong balance sheets, recurring free cash flow, and solid debt coverage—outperformed. This represents a notable shift from 2025, when lower-quality stocks rallied amid delayed tariffs and Federal Reserve rate cuts. In the first quarter of 2026, the shares of companies with weak debt coverage or negative free cash flow lagged within the Russell 2000[®] Value universe.

FUND OVERVIEW

Against this backdrop, the fund outperformed the Index, driven primarily by stock selection, especially in the Information Technology, Industrials, and Communication Services sectors. Stock picking in the Consumer Discretionary, Health Care, and Real Estate sectors detracted from relative performance. Sector allocation also contributed favorably, with an overweight to Information Technology adding to the outperformance but an underweight to Energy representing a headwind.

OUTLOOK

Looking forward, the temporary ceasefire between the U.S. and Iran has raised cautious hopes for a resolution, although risks remain elevated. The duration of oil supply disruptions will be critical, as prolonged constraints could lead to compounding production challenges and extended economic impacts. Even with a resolution, concerns remain around the fragility of any agreement and the risk of sabotage by terrorist elements. Higher energy costs continue to act as an implicit tax on consumers while increasing global distribution and input costs. Beyond the energy crisis, the domestic economy has shown resilience despite moderating employment trends and affordability challenges. The housing market has seen only modest improvement, while non-residential construction—driven largely by AI—has helped sustain growth. Businesses are also navigating evolving tariff policies but are better prepared due to more robust and flexible supply chains than a year ago. AI is reshaping competitive dynamics across industries. Businesses that enable or integrate with AI agents are likely to benefit, while others face disruption. This is particularly relevant in software, where concerns have emerged about AI replacing traditional software businesses. Additionally, the exposure of private equity and private credit markets—especially in leveraged buyouts of software companies—introduces potential risks that could impact the economic cycle. In this environment, Systematic remains confident in its quality-focused investment approach. Companies with strong balance sheets and sustainable free cash flow are better equipped to navigate volatility and constrained financing conditions. The fund reflects this discipline and currently trades at a significant valuation discount to the Russell 2000[®] Value Index, on an Enterprise Value to Free Cash Flow basis. Mindful of the geopolitical and economic risks, Systematic continues to focus on identifying high-quality companies with attractive long-term value.

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)	6.83	6.83	28.32	12.42	5.68	-	6.57	1.52	1.29
Class I (at NAV)	6.75	6.75	28.57	12.72	5.94	-	6.88	1.17	0.99
Class A (at POP)	0.95	0.95	21.36	10.34	4.49	-	5.91	1.52	1.29
Russell 2000® Value Index	4.96	4.96	28.09	13.80	5.79	-	-	-	-

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 (%)

Tower Semiconductor Ltd.	2.25
Magnolia Oil & Gas Corp., Class A	2.19
Mueller Industries, Inc.	2.09
EMCOR Group, Inc.	1.98
Jazz Pharmaceuticals PLC	1.80
Northwestern Energy Group, Inc.	1.76
OSI Systems, Inc.	1.48
Atlantic Union Bankshares Corp.	1.43
Granite Construction, Inc.	1.43
Adeia, Inc.	1.42
Total	17.83

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	0.93	1.90	45.78
Magnolia Oil & Gas Corp Class A	0.73	1.84	45.11
Stifel Financial Corp	0.52	1.19	-11.05
Leading Detractors	Contribution	Weight	Return
American Eagle Outfitters Inc	-0.23	0.49	-36.38
Abercrombie & Fitch Co Class A	-0.29	0.78	-27.41
Progress Software Corp	-0.39	0.79	-40.29

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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.

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.

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