

Transamerica Small Cap Growth

A | ASGTX | 08/31/2012 **C** | CSGTX | 08/31/2012 **I** | ISCGX | 08/31/2012

Investment objective

The fund seeks long-term capital appreciation.

Key facts

Investment Manager

Transamerica Asset Management, Inc. (TAM)

Morningstar Category

Small Growth

Lipper Category

Small-Cap Growth Funds

Dividend Frequency

Annually

Benchmark

Russell 2000® Growth Index

SUB-ADVISER



Ranger Investment Management, L.P. (Ranger)

PORTFOLIO MANAGERS

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MACROECONOMIC OVERVIEW

During the third quarter, markets extended their steady climb from the post-liberation day lows. Risk appetite broadened, supported by expectations of global monetary easing and reflected in persistently low volatility. Notably, despite a double-digit gain in the small-cap index for the period, the largest intra-quarter drawdown was only 3%. While policy uncertainty remains elevated, markets absorbed ongoing conflicts in the Middle East and Ukraine, incremental news on sector tariffs, and the onset of a potential government shutdown. Offsetting these headwinds are the stimulative effects of the One Big Beautiful Bill (OBBB), the Fed's mid-September rate cut, and a more accommodative regulatory environment that is fueling mergers and acquisitions (M&A) and capital markets activity in the U.S.

FUND OVERVIEW

For the third quarter, Transamerica Small Cap Growth underperformed the Russell 2000® Growth index return of 12.19%. Fundamental factor analysis this quarter revealed dramatic outperformance by low-quality factors. Companies with earnings returned 9.8%, significantly trailing the 17.8% gain for non-earners. The gap was even more pronounced in other areas: negative-return on earnings (ROE) companies returned 29.7%, more than double the benchmark, while the highest-beta quintile advanced 25.2% compared to just 1.1% for the lowest-beta quintile. Perhaps most striking, 83 index constituents with no reported revenue in the most recently reported quarter - representing \$154 billion in market cap - advanced an average of 43% in the third quarter.

OUTLOOK

The Federal Reserve (Fed) cut interest rates by 25 basis points (bps) in mid-September, bringing the target range to 4.0–4.25%. Futures markets currently anticipate two additional cuts by year-end 2025, which would lower the benchmark rate to 3.5–3.75%. While it is difficult to generalize about Fed policy in the current environment, the emphasis appears to have shifted toward the employment side of its dual mandate. Recent labor market reports point to a slowdown, characterized by a 'low hire, low fire' dynamic among employers. Meanwhile, on the inflation front, roughly five months into the Trump tariff regime, broad-based measures such as Personal Consumption Expenditures (PCE) and Consumer Price Index (CPI) have been trending higher—though perhaps not as sharply as initially feared given the announced tariff rates. The trajectory of monetary policy will likely hinge on the balance between a nascent pickup in inflation and continued labor market softness. For now, markets appear to be pricing in a “Goldilocks” scenario: a labor market soft enough to restrain inflation at low, stable levels, yet not so weak as to trigger a recession. One area of unquestionable strength in the economy is the ongoing capital investment boom tied to artificial intelligence (AI) infrastructure. Led by the hyperscalers—though not limited to them—spending on data center capacity, power generation, and related goods and services has surged to extraordinary levels. While both the scale and pace of this investment raise valid questions about potential bubble dynamics and ultimate returns, competitive pressures at both the corporate and sovereign level suggest recent momentum will continue for some time. Initially concentrated in advanced AI chips, capital is now flowing heavily into construction, cooling systems, power generation, and transmission. While advancements in technology are likely to eventually alter the pace or focus of spending, the long lead times and massive scale of current projects make a sharp contraction in this investment cycle less likely in the near term. In recent quarters, Ranger has added several portfolio positions that stand to benefit from this trend. Another notable and encouraging development has been the improvement in the earnings outlook for small caps. For the first time in several years, earnings estimates for the small-cap universe are rising - and at a faster pace than their large-cap peers.

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)	2.99	-3.15	-1.01	7.78	4.64	8.42	8.76	1.12	1.10
Class A (at NAV)	2.89	-3.26	-1.28	7.44	4.31	8.12	8.46	1.49	1.40
Class A (at POP)	-2.73	-8.56	-6.72	5.46	3.12	7.51	7.99	1.49	1.40
Russell 2000® Growth Index	12.19	11.65	13.56	16.68	8.41	9.91	-	-	-

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.

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 (%)

Pegasystems, Inc.	4.69
AAON, Inc.	3.31
Ligand Pharmaceuticals, Inc.	3.07
Casella Waste Systems, Inc., Class A	2.75
Stevanato Group SpA	2.75
Excelerate Energy, Inc., Class A	2.67
Appfolio, Inc., Class A	2.64
Lazard, Inc.	2.60
UL Solutions, Inc., Class A	2.46
Texas Roadhouse, Inc.	2.40
Total	29.34

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**
Ligand Pharmaceuticals Inc	1.14	2.58	55.82
Medpace Holdings Inc	1.04	1.90	63.82
AAON Inc	0.72	2.92	26.85
Leading Detractors	Contribution	Weight	Return
ADMA Biologics Inc	-0.57	2.68	-19.49
MONDAY.COM LTD COMMON STOCK	-0.58	1.10	-38.41
Wingstop Inc	-0.60	1.92	-25.19

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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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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 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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