

Transamerica Small/Mid Cap Value

A | IIVAX | 04/02/2001 **C** | IIVLX | 11/11/2002 **I** | TSVIX | 11/30/2009

Investment objective

The fund seeks to maximize total return.

Key facts

Investment Manager

Transamerica Asset Management, Inc. (TAM)

Morningstar Category

Mid-Cap Value

Lipper Category

Mid-Cap Value Funds

Dividend Frequency

Annually

Benchmark(s)

Russell 2000® Value Index
Russell Midcap® Value Index
Russell 2500 Value Index

SUB-ADVISER



Systematic Financial Management, L.P. (Systematic)

PORTFOLIO MANAGERS

Kenneth Burgess, CFA
W. Ryan Wick, CFA

SUB-ADVISER



Thompson, Siegel & Walmsley LLC (TSW)

PORTFOLIO MANAGERS

R. Michael Creager, CFA
Brett P. Hawkins, CFA

MACROECONOMIC OVERVIEW

Systematic: The first quarter of 2025 was a difficult one for the stock market, as investors dealt with resurgent inflation and a volatile political economy. The President's efforts to reshape both the scope and scale of the Federal bureaucracy and to re-domesticate significant portions of the global economy tested investors' mettle, and the experience proved once again that financial markets do not like uncertainty. The Administration ramped its protectionist rhetoric over the course of the period, starting with Canada and Mexico, moving to the auto sector and other industries, and culminating with the imposition of an aggressive series of reciprocal tariffs announced after quarter end. Equities sold off sharply into, and immediately following, the announcement of this wide-sweeping, severe tariff regime.

TSW: The first quarter witnessed a meaningful divergence from the prior year. Specifically, 2024 could be characterized as one of the most extreme periods in market history for momentum, propelling more expensive cohorts of stocks higher, while penalizing cheaper cohorts. The first quarter, however, witnessed a reprieve from this momentum-driven market, partially driven by tariff and other policy-related initiatives that have created a higher degree of uncertainty in U.S. markets. It is relevant to highlight that the market faced a high degree of fragility going into the new year as the U.S. market sat above or near record valuations, driven predominantly by multiple expansion over the past couple of years. For the quarter, the U.S. Dollar weakened with international markets outperforming U.S. markets, and value outperforming growth across the U.S. and other geographies. The heightened uncertainty created downward pressure on interest rates. All eyes continue to be on tariff policy and related geopolitical tensions.

FUND OVERVIEW

Systematic: The small cap sleeve of the Fund moderately underperformed the Russell 2000® Value Index during the first quarter, largely a function of unfavorable sector allocation. Stock selection added to returns against the benchmark, but not enough to offset the negative allocation effect. The portfolio's overweight to Information Technology and underweights to the Utilities and Financials sectors were key detractors in the quarter. Elsewhere, none of the economic sectors saw a meaningfully positive allocation effect in the period. Stock selection was additive to relative performance, driven by strong outperformance within the Health Care and Energy sectors. Stock selection in the Industrials and Financials sectors limited total returns compared to the benchmark. The first quarter witnessed a meaningful divergence from the prior year. Specifically, 2024 could be characterized as one of the most extreme periods in market history for momentum, propelling more expensive cohorts of stocks higher, while penalizing cheaper cohorts. The first quarter, however, witnessed a reprieve from this momentum-driven market, partially driven by tariff and other policy-related initiatives that have created a higher degree of uncertainty in U.S. markets. It is relevant to highlight that the market faced a high degree of fragility going into the new year as the U.S. market sat above or near record valuations, driven predominantly by multiple expansion over the past couple of years. For the quarter, the U.S. Dollar weakened with international markets outperforming U.S. markets, and value outperforming growth across the U.S. and other geographies. The heightened uncertainty created downward pressure on interest rates. All eyes continue to be on tariff policy and related geopolitical tensions.

TSW: Transamerica Small-Mid Cap Value composite outperformed the Russell Midcap® Value Index (Total Return-Net), notably benefitting from the momentum reprieve following the historic 2024 period. Many of the stocks that were laggards in the prior year were some of the more notable outperformers for the portfolio in the quarter. From an attribution perspective, Industrials and Consumer Discretionary were the primary contributors. In Industrials, TSW's underweight to the sector and positive stock selection drove relative returns, led by its position in a military shipbuilder. Within Consumer Discretionary, TSW's underweight to the retail and airlines sectors, and position in an aftermarket auto parts distributor, were the primary sources of return. The most significant detractors were Energy and Real Estate. Within Energy, the portfolio was impacted by an underweight allocation to natural gas, and position in an offshore oil drilling contractor. In Real Estate, its underweight allocation was the sole driver of underperformance.

OUTLOOK

Systematic: Systematic is closely watching the world's response to the reciprocal tariffs announced by President Trump. Inflation risks have risen due to the tariffs themselves, as well as any resource scarcity that may bubble up as manufactures re-domesticate. Meanwhile, the global economy has also likely been experiencing demand destruction amid the uncertainty as companies await policy clarity. The risks posed by the stock market's swoon itself are yet another concern, as areas of the economy could see financial distress as stock markets tumble. Amid the uncertainty and market volatility, Systematic continues to emphasize quality and attractive valuation in its investment decisions. Its portfolio companies, offering sustainable free cash flow, strong balance sheets, and robust debt coverage, are expected to provide a relative margin of safety amid the tumult.

TSW: Despite the recent market drawdown for many U.S. equity asset classes, we continue to live in what TSW believes to be one of the largest speculative tops in market history with broad market multiples near all-time highs, driven by multiple expansion as opposed to fundamentals. Examples of excess are abundant. Coincidentally, the time horizon focus of the marketplace is, in TSW's view, as short-term as the firm can ever remember with the market excessively extrapolating any short-term weakness or strength into perpetuity, creating drastic changes in valuation multiples. In TSW's view, this backdrop, combined with a high degree of uncertainty related to ongoing tariff discussions and other geo-political headwinds, creates a fragile environment, comparable to what was witnessed in 2000 and 2007. As value investors, TSW embraces uncertainty, particularly as markets tend to be less efficient in the short-term, while generally more efficient over longer time periods. TSW believes the current environment to be one of the best times in history to take advantage of market dislocation with a disciplined and patient approach to value investing.

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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)	-2.46	-2.46	-1.30	3.06	16.41	7.36	10.21	1.20	1.19
Class I (at NAV)	-2.36	-2.36	-1.00	3.39	16.78	7.72	11.00	0.89	0.89
Class A (at POP)	-7.81	-7.81	-6.73	1.13	15.10	6.75	9.95	1.20	1.19
Russell 2000® Value Index	-7.74	-7.74	-3.12	0.05	15.31	6.07	-	-	-
Russell Midcap® Value Index	-2.11	-2.11	2.27	3.78	16.70	7.62	-	-	-
Russell 2500™ Value Index	-5.83	-5.83	-1.47	2.27	16.65	6.84	-	-	-

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.

Contributors & Detractors (%)

Leading Contributors	Contribution	Weight*	Return**
Baxter International Inc	0.24	1.35	17.97
Walgreens Boots Alliance Inc	0.19	0.97	19.72
Evergy Inc	0.18	1.37	13.17

Leading Detractors	Contribution	Weight	Return
Abercrombie & Fitch Co Class A	-0.23	0.34	-48.91
Bio-Rad Laboratories Inc Class A	-0.27	0.96	-25.86
Viatis Inc	-0.30	0.90	-29.16

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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.

Top 10 holdings (%)

First Citizens BancShares, Inc., Class A	1.71
Dominion Energy, Inc.	1.54
Huntington Ingalls Industries, Inc.	1.50
Archer-Daniels-Midland Co.	1.48
Kraft Heinz Co.	1.46
Commercial Metals Co.	1.44
Jazz Pharmaceuticals PLC	1.43
Baxter International, Inc.	1.39
Centene Corp.	1.39
Evergy, Inc.	1.37
Total	14.71

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

The Russell 2500™ 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 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. 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 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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