

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

SUB-ADVISER



Systematic Financial Management, L.P. (Systematic)

PORTFOLIO MANAGERS

Kenneth W. Burgess, CFA
 Rick Plummer, 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: Small cap stocks regained momentum in November, helping deliver decent returns in the final three months of 2025. The indices pulled back early in the fourth quarter amid the 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, although a signal from the Federal Reserve (Fed) that another rate cut was likely in December was the greatest catalyst of the market's rally into year end. Stocks' strength transpired despite signs of cooling in the labor market, where unemployment began to normalize above the low levels of the post-pandemic period. Dissent from hawkish and doveish voters at the Fed crystallized the uncertainty still lingering from the imposition of tariffs in 2025, the strong recent Gross Domestic Product (GDP) data notwithstanding.

TSW: The fourth quarter witnessed a fairly dramatic tale of two environments. October through the beginning of November was the continuation of the low-quality rally that commenced in early April and posed a historic challenge for active management across U.S. equities. This trend fortunately abated from early November through the end of the year, albeit with ample volatility, as questions around a potential Artificial Intelligence (AI) bubble, labor market headwinds, and excessive valuations led to a broadening of the market. The environment shifted to one where fundamentals seemed to matter, and there was a rotation towards value.

FUND OVERVIEW

Systematic: Transamerica Small Mid Cap Value outperformed the Russell 2000® Value Index during the fourth quarter but trailed the benchmark for the year as a whole. 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. Since the market bottom in early April, when the Trump Administration delayed the "Liberation Day" tariffs, quality companies saw their stocks trail the benchmark. 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. Looking closer at stock selection, the Information Technology, Financials, and Communications Services sectors contributed favorably in the quarter. 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.

TSW: The Small Mid Cap Value composite underperformed the Russell Midcap® Value Index (Total Return-Net), albeit by a relatively slim margin (i.e., 37 basis points) notably driven by the risk-on and lower quality month of October. Fortunately, when this trade abated, the portfolio outperformed the index in the November-December time period to close out the quarter. From an attribution perspective, Financials and Real Estate were the top relative contributors. In Financials, TSW's underweight to the capital markets sector, and stock selection were the primary sources of relative return. The firm's position in a bank holding company and a specialty insurer were the top contributors. Within Real Estate, TSW's underweight allocation was the sole driver of relative returns. The primary detractors were Basic Materials and Industrials. In Basic Materials, TSW's position in a phosphate and potash producer was the primary detractor, while in Industrials, its holding in a packaging company was the primary headwind.

OUTLOOK

Systematic: Systematic remains committed to its philosophy, investing in quality companies with strong debt coverage, at attractive valuations. Systematic believes its style of investing will be especially well-suited for the fragile economy that has taken shape outside the realm of AI. Looking ahead, history suggests that underlying company quality should matter again in 2026; low-quality rallies like the one experienced last year have largely proven fleeting.

TSW: Markets remain incredibly volatile and story driven. Cracks in the economy continue to show, yet the market continues to hit all-time highs, driven predominantly by multiple expansion through expensive momentum stocks and anything deemed to be an AI beneficiary. Examples of excess and exaggerated market reactions are abundant. In TSW's view, this backdrop, combined with a high degree of uncertainty, creates a fragile environment. The good news is that while the broad U.S. market remains expensive, TSW believes that U.S. value remains a bright spot when thinking about the probability of producing "equity-like" returns over the next cycle. 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. The firm believes the current environment to be an opportune moment to take advantage of market dislocation with a disciplined and patient approach to value investing.

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)	2.20	9.50	9.50	10.00	9.14	9.36	10.40	1.20	1.19
Class I (at NAV)	2.24	9.83	9.83	10.32	9.48	9.72	11.27	0.89	0.89
Class A (at POP)	-3.41	3.49	3.49	7.95	7.91	8.74	10.14	1.20	1.19
Russell 2500™ Value Index	3.15	12.73	12.73	13.21	10.02	9.72	-	-	-
Russell 2000® Value Index	3.26	12.59	12.59	11.73	8.88	9.27	-	-	-
Russell Midcap® Value Index	1.42	11.05	11.05	12.27	9.83	9.78	-	-	-

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.

Contributors & Detractors (%)

Leading Contributors	Contribution	Weight*	Return**
Jazz Pharmaceuticals PLC	0.33	1.19	28.74
Tower Semiconductor Ltd	0.31	0.68	59.61
First Citizens BancShares Inc Class A	0.30	1.53	20.31
Leading Detractors	Contribution	Weight	Return
Graphic Packaging Holding Co	-0.32	1.39	-22.04
The Mosaic Co	-0.42	1.16	-30.16
Perrigo Co PLC	-0.56	1.29	-36.27

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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	1.74
Graphic Packaging Holding Co.	1.52
LKQ Corp.	1.52
Kraft Heinz Co.	1.50
Dominion Energy, Inc.	1.40
Evergy, Inc.	1.34
Perrigo Co. PLC	1.33
Conagra Brands, Inc.	1.32
Jazz Pharmaceuticals PLC	1.27
Gaming & Leisure Properties, Inc.	1.26
Total	14.20

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.

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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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