

## Transamerica High Yield Muni

**A** | THAYX | 07/31/2013   **C** | THCYX | 07/31/2013   **I** | THYIX | 07/31/2013

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### Investment objective

The fund seeks to maximize total return through investment in medium- and lower-grade municipal securities that are exempt from federal income tax.

### Key facts

#### Investment Manager

Transamerica Asset Management, Inc. (TAM)

#### Morningstar Category

High Yield Muni

#### Lipper Category

High Yield Municipal Debt Funds

#### Dividend Frequency

Daily

#### Benchmark

Bloomberg High Yield Municipal Bond Index

### SUB-ADVISER



Belle Haven Investments, L.P. (Belle Haven)

### PORTFOLIO MANAGERS

Max Christiana

Matthew Dalton

### MACROECONOMIC OVERVIEW

In Q1, high-yield municipals returned 0.82%, as reflected by the Bloomberg Municipal High Yield Index, significantly outperforming their investment-grade counterparts, which returned -0.22%. The 10-year Muni/UST ratio ended the quarter at 79%, up from the 67% ratio at the end of the 2024. During Q1, \$111 billion in municipal bonds were issued, up 22% from Q1 2024. Of that, \$87 billion was tax-exempt, up 15% from Q1 2024. High-yield municipal bond supply for Q1 was about \$9.8 billion of that. Fund flows for all-term municipal bonds were \$9.8B for Q1, with \$4.7B in high-yield. In short, high-yield municipals composed only 9% of total municipal supply, but nearly half of total fund inflows. This is an extremely asymmetric supply-demand dynamic that led to higher-than-normal valuations for high-yield municipals vs their investment grade peers. This mitigated many of the price-performance challenges seen by investment grade funds.

### FUND OVERVIEW

Transamerica High Yield Muni returned 0.62% for the quarter, underperforming its benchmark, the Bloomberg Municipal High Yield Index, which returned 0.82%. Effective duration decreased slightly to 7.94 years from 8 years at the end of 2024 – this is significantly longer than its benchmark which ended the quarter at 7.12 years, but in line with peer funds that averaged 7.93 years at the end of Q1. The fund's charter school and CCRC holdings were the largest detractor from performance for the quarter whereas the fund's project finance positions and new issue allocations contributed to performance.

### OUTLOOK

Going forward, we expect to see healthy supply on the high-yield front, but also expect some moderation of the inflow/supply asymmetry. We continue to seek the optimal intersection of credit and yield for this fund. All markets, including high-yield municipals, currently face the headwinds of policy. One can rest assured that volatility will persist, or grow, in the near-term. During times like this, we become very optimistic and look forward to some of the best opportunities likely to be seen for years-on-end.

**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
<b>Class A (at NAV)</b>	0.58	0.58	5.34	1.03	2.76	2.88	4.44	1.01	0.91
<b>Class I (at NAV)</b>	0.62	0.62	5.50	1.12	2.91	3.00	4.58	0.79	0.76
<b>Class A (at POP)</b>	-2.73	-2.73	1.91	-0.09	2.08	2.54	4.14	1.01	0.91
<b>Bloomberg High Yield Municipal Bond Index</b>	0.82	0.82	5.59	2.86	4.31	4.25	-	-	-

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://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 3.25%. 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 (%)

California Infrastructure & Economic Development Bank, Series A, 9.50%, due 01/01/2065	3.40
Development Authority of Lagrange, 5.00%, due 10/15/2052	1.98
Pennsylvania Economic Development Financing Authority, 4.00%, due 07/01/2046	1.50
New Hampshire Business Finance Authority, Zero Coupon, due 12/01/2031	1.41
James City County Economic Development Authority, Series A, 6.88%, due 12/01/2058	1.39
Mida Mountain Village Public Infrastructure District, Series 2, 6.00%, due 06/15/2054	1.32
Delaware State Economic Development Authority, Series B, 5.25%, due 11/15/2053	1.30
Downtown East Streetcar Sewer Public Infrastructure District, 6.00%, due 03/01/2053	1.27
Lafferty Canyon Metropolitan District, Series A, 5.63%, due 12/01/2055	1.26
District of Columbia, Series B, Zero Coupon, due 06/01/2049	1.25
<b>Total</b>	<b>16.08</b>

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

## Maturity (%)

0-1 Years	1.39
1-3 Years	2.15
3-5 Years	0.87
5-10 Years	6.24
10-20 Years	21.79
20+ Years	62.99

The Net Other Assets (Liabilities) category may include, but is not limited to, repurchase agreements, reverse repurchase agreements, security lending collateral, forward foreign currency contracts, and cash collateral.

The Bloomberg High Yield Municipal Bond 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.

The interest from municipal bonds is expected to be exempt from federal income tax. If a fund investor is a resident in the state of issuance of the bonds held by the fund, interest dividends may also be free of state and local income taxes. Such interest dividends may be subject to federal and/or state alternative minimum taxes. Municipal bond prices can rise or fall depending on interest rates. Interest rates may go up, causing the value of the Fund's investments to decline. The municipal bond market can be susceptible to unusual volatility, particularly for lower-rated and unrated securities. All municipal bonds carry credit risk that the issuer will default or be unable to make timely payments of interest and principal. Generally, lower rated bonds carry more credit risk. High-yield bond (junk bonds) funds may be subject to greater volatility and risks as the income derived from these securities is not guaranteed and may be unpredictable and the value of these securities tends to decline when interest rates increases. The Fund is classified as 'non-diversified,' which means it may invest a larger percentage of its assets in a smaller number of issuers than a diversified fund. To the extent the Fund invests its assets in fewer issuers, the fund will be more susceptible to negative events.

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://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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