

Transamerica High Yield Muni

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

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 Q4, high-yield municipals returned 1.11%, as reflected by the Bloomberg Municipal High Yield Index, and underperformed their investment-grade counterparts, which returned 1.42%. The 10-year Muni/UST ratio ended the quarter at 66%, down from 70% at the end of Q3 2025. During Q4, \$145 billion municipal bonds were issued, down 3% from Q3 2025 and up 15% from Q4 2024. Of that total, \$131 billion was tax-exempt. 2025 was a record supply year, with gross and net issuance ending at \$582 billion and \$237 billion, respectively. Over 2025, investment-grade inflows (\$9.3B open-end/\$24.6B ETF) outpaced high-yield fund inflows (\$5.9B open-end/\$4.4B ETF). Tax-exempt credit spreads were modestly tighter overall. Ten-year AA bonds traded 12 bps above AAAs. Ten-year A-rated bonds tightened 5 basis points (bps) to 37 bps over AAAs, while 10-year BBB bonds widened 2 bps to 105 bps over AAAs, consistent with a “crediting-up” environment. BBB spreads remain below the 30-year historical average of 130 basis points. The tax-exempt yield curve flattened over the quarter, pushing steepness further out the curve. Notably, 3-year tax-exempt yields increased by 14 bps while 12-year tax-exempt yields declined by 25 bps. Long municipals were essentially unchanged over the quarter. This left an unusually steep segment in the 12–20-year range at year-end, with approximately 94 bps of steepness from the 2038 point to the 2046 point. From a policy and headline perspective, we are beginning to see some higher-profile negative developments. Chicago, IL returned to the forefront amid renewed coverage of pension and budget pressures that challenged the city prior to Covid, and spreads widened accordingly. In addition, the “One Big Beautiful Bill,” which contributed to a selloff in healthcare credits during Q2 2025, has largely moved out of the spotlight, and healthcare spreads have tightened again despite the bill’s longer-term implications.

FUND OVERVIEW

Transamerica High Yield Muni returned 1.65% for the quarter, outperforming its benchmark, the Bloomberg Municipal High Yield Index, which returned 1.15%. The funds’ yield declined modestly to 4.91% over the quarter from 5.13% at the end of Q3 2025. Effective duration decreased to 6.72 years from 7.75 years at the end of Q3 2025, and remains notably shorter than peers, which ended the quarter at 8.4 years. The reduction in duration was driven largely by late-year inflows into the fund. Those inflows were initially invested in more liquid bonds and short-term instruments until a broader set of high-yield opportunities became available. From a sector perspective, project finance holdings were the largest detractor from performance during the quarter, while healthcare and Continuing Care Retirement Communities (CCRCs) showed signs of improvement.

OUTLOOK

Looking to 2026, Belle Haven expects healthy high-yield supply. We anticipate shorter-dated high-yield to outperform, as longer-dated spreads are below recent averages and appear somewhat rangebound. We will continue to monitor the pace of high-yield versus investment-grade inflows, particularly if the market reverts to the 2024 trend when high yield featured more prominently. At the same time, we are seeing pockets of credit stress in areas such as project finance, and we remain attentive to potential investor caution toward high yield as economic uncertainty persists. We continue to focus on identifying the optimal intersection of credit and yield for the fund. More broadly, policy remains a key headwind across markets, including high-yield municipals. In periods like these, we stay constructive and focused on the opportunities that often emerge.

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)	1.69	3.15	3.15	6.28	1.23	2.85	4.50	0.79	0.76
Class A (at NAV)	1.65	3.00	3.00	6.12	1.11	2.73	4.36	1.01	0.91
Class A (at POP)	-1.66	-0.39	-0.39	4.96	0.45	2.39	4.08	1.01	0.91
Bloomberg High Yield Municipal Bond Index	1.15	2.46	2.46	5.96	2.18	4.35	-	-	-

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 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 (%)

U.S. Treasury Bills, 3.75%, due 02/24/2026	7.61
Knox County Health Educational & Housing Facility Board, Series A-1, 5.25%, due 07/01/2049	1.26
Warren County Port Authority, Series E, 6.25%, due 12/01/2055	1.26
Development Authority of Lagrange, 5.00%, due 10/15/2052	1.22
Sales Tax Securitization Corp., Series A, 5.00%, due 01/01/2040	1.19
Texas Municipal Gas Acquisition & Supply Corp. VI, 5.00%, due 01/01/2036	1.17
District of Columbia, 5.00%, due 07/01/2039	1.12
Public Finance Authority, Series A, 6.75%, due 12/01/2065	1.11
Illinois State Toll Highway Authority, Series A, 5.00%, due 01/01/2040	1.09
County of Ohio Special District Excise Tax, Series A, 5.50%, due 06/01/2054	1.06
Total	18.09

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	8.04
1-3 Years	1.31
3-5 Years	2.19
5-10 Years	8.02
10-20 Years	29.99
20+ Years	52.74

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 or contact your financial professional to obtain a prospectus or, if available, a summary prospectus containing this information. Please read it carefully before investing.

Transamerica Funds are advised by Transamerica Asset Management, Inc. (TAM) and distributed by Transamerica Capital, LLC, member FINRA. Transamerica Companies and Belle Haven are not affiliated companies. 1801 California St. Suite 5200, Denver, CO 80202

© 2026 Transamerica Corporation. All Rights Reserved.
113020R28