

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

Dividend Frequency Monthly

Primary Benchmark Bloomberg Barclays High Yield Municipal Bond Index

SUB-ADVISER



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

PORTFOLIO MANAGERS

Matthew Dalton
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MACROECONOMIC OVERVIEW

Weak economic and market data provided investors a fear of global slowdown and lower interest rates to start the year. The recent bond rally was aided by the recent Federal Open Market Committee (FOMC) meeting in which U.S. Federal Reserve (Fed) Chair Powell announced a plan to end the Fed's balance sheet runoff in September and keep rates steady. Curve flattening continued in Q1 as the 10/30 year spreads have tightened in addition to declining municipal market data/U.S. Treasury ratios across the curve. Municipal supply has grown steadily month-over-month to start 2019 and expect this trend to continue as Q2 historically brings the heaviest supply of the calendar year. Muni flows were positive in Q1 as 24.4 billion flowed into municipal funds, ending the streak of fund outflows that were prevalent in Q4 2018.

FUND OVERVIEW

Transamerica High Yield Muni returned 3.44% for the quarter, underperforming its benchmark, the Bloomberg Barclays Municipal High Yield Index, which returned 3.83%. The fund's average duration ended the first quarter at 5.94 years versus the benchmark's at 8.80 years. As a result, the underweight position in bonds with 20+ years maturity was a significant detractor from performance in addition to bond selection in high yield credits. New York was the largest contributor to performance during the first quarter, aided by the sale of New York State Multifamily Housing bonds which generated the largest sale alpha of any in the quarter. Additionally, the fund was underweight in the water and sewer sector, which was the top performing high yield sector in Q1. However, the fund significantly outperformed the benchmark in the education sector.

OUTLOOK

The high yield tobacco sector was one of the top performers in the quarter, as well as the top-performing sector in March following strong market technicals. The trend is expected to continue following the departure of Food and Drug Administration (FDA) Commissioner Scott Gottlieb, who supported the proposal of a menthol ban and tighter regulation for the industry. New York and California were the top two performing states in the fund and expect this to continue due to the states' negative net supply and high demand for in-state paper due to their high state income tax rates. Build-America-Bonds (BABs) refunding will also ignite supply in Q2. Investors believe that BABs issued in 2009 will take advantage of current refunding opportunities to refinance their high borrowing costs providing and come to market with refunding tax-exempt issuances.

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.

TRANSAMERICA HIGH YIELD MUNI

as of 03/31/2019

FEES (%)

	A	C	I
Gross Expense Ratio	1.01	1.76	0.79
Net Expense Ratio	0.91	1.51	0.76

The Max Sales Charge for Class A shares is 3.25%. There are no sales charges for Class I. 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 03/01/2020.

AVERAGE ANNUAL TOTAL RETURNS (%)

	3M	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Class A (at NAV)	3.44	3.44	4.74	3.41	6.10	-	7.02
Class I (at NAV)	3.47	3.47	4.81	3.59	6.27	-	7.21
Class A (at POP)	0.09	0.09	1.31	2.26	5.40	-	6.39
Bloomberg Barclays High Yield Municipal Bond Index	3.83	3.83	8.14	6.15	6.10	-	-

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.

TOP 10 HOLDINGS (%)

Golden State Tobacco Securitization Corp., Series A-1, 5.00%, due 06/01/2047	2.38
Lynwood Public Financing Authority, Series A, AGM, 5.25%, due 06/01/2048	2.27
County of Montgomery, 6.00%, due 04/01/2038	2.07
New York Counties Tobacco Trust VI, Series C, 3.75%, due 06/01/2045	2.04
Painted Prairie Metropolitan District No. 2, 5.25%, due 12/01/2048	1.94
Cardinal Local School District, 5.25%, due 04/01/2038	1.46
Western Illinois Economic Development Authority, 4.00%, due 06/01/2036	1.40
East Chicago Sanitary District, 4.00%, due 07/15/2031	1.37
City of Chicago, Series B, 5.43%, due 01/01/2042	1.30
City of Chicago, Series A, 6.00%, due 01/01/2038	1.28
Total	17.51

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

MATURITY (%)

0-1 Year	1.35
1-3 Years	3.05
3-5 Years	4.51
5-10 Years	12.91
10-20 Years	30.19
20+ Years	47.06
Net Other Assets (Liabilities)	-0.12

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 Barclays High Yield Municipal Bond Index (BB High Yield Municipal 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. 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. 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 three 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 go to 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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