

# Transamerica Intermediate Muni

Class A TAMUX | Class I TIMUX

## Investment Objective

The fund seeks to maximize total return through a combination of current income that is exempt from federal income tax and capital appreciation.

## Sub-adviser

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



## Portfolio Managers

Matthew Dalton  
Brian Steeves

## Product Profile

An actively managed strategy that seeks to identify inefficiencies throughout the municipal bond market with the goal of maximizing total return primarily through a combination of capital appreciation and current income that is exempt from federal income tax

- ➔ Focus on fundamental credit analysis, security selection, and best execution on transactions
- ➔ An opportunistic approach that gives the fund the flexibility to invest in issuers across the credit and maturity spectrum
- ➔ Tax-advantaged income

## Fund Facts

Inception Date (A-I)	10/31/12 - 10/31/12
Benchmark Index	Bloomberg Barclays Managed Money Intermediate (1-17 Year) Index
Morningstar Category	Muni National Interm
Lipper Category	Intermediate Municipal Debt Funds
Dividend Frequency	Monthly

**This material was prepared for general distribution. It is being provided for informational purposes only and should not be viewed as an investment recommendation. If you need advice regarding your particular investment needs, contact your financial professional.**

## Macroeconomic Overview

Municipal fund flows were positive once again in the third quarter of 2017. Hurricanes consumed headlines in late August and most of September, as the aftermath of Harvey and anticipation of Irma's and Maria's effect on the economy loomed large. Though U.S. Treasuries and munis rallied for most of the quarter, we saw momentum swing sharply midway through September. By the end of the month, yields began to climb, undoing the positive performance seen earlier in the month. Though there were no formal actions taken at this month's Federal Open Market Committee meeting, Chair Yellen continued her hawkish rhetoric, reiterating the U.S. Federal Reserve's (Fed) plan to begin running off the balance sheet and continuing to raise rates, despite weak inflation data. Moreover, the Republican tax reform proposal was released in the last week of the month, putting additional pressure on U.S. Treasury and Municipal yields.

## Fund Overview

Transamerica Intermediate Muni outperformed the Bloomberg Barclays Managed Money Intermediate (1-17 Year) Index for the third quarter, +1.11% versus +0.81%. Year-to-date the fund has made up some of its early underperformance and has outperformed the index +4.88% versus +4.52%. The primary contributor to the fund's outperformance this quarter was its over-exposure to lower-rated credits relative to the index. Over 20% of the fund's holdings were rated A or below, whereas the index did not hold any exposure to credits below AA. The fund saw positive performance in the first half of September, but as yields rose consistent with changing market sentiment, performance suffered through the end of the month.

## Outlook

October is historically a high issuance month, and Belle Haven expect's supply to be elevated in the short-term. With muni fund flows positive through September, the increased supply should be met with sufficient demand from the continued injection of cash into funds. Though the new tax reform proposal indicated several changes that could affect munis, most of the changes are not glaringly negative (nor positive) for the muni market. Should these changes take effect, Belle Haven's believes the demand for munis will remain relatively unchanged, and in some instances, may increase within certain states or sectors. In the high yield space, Puerto Rico remains the top underperformer by far, year-to-date. Volatility in the name was exacerbated after comments made by President Trump hinted at "wiping out" the territory's debt. We have been, and remain vigilant, in monitoring our exposure in the name and are ready to exploit any buying opportunity that arises from the disarray in the market.

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 decisions.

**The performance data presented 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](http://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.**

**Not insured by FDIC or any federal government agency. May lose value. Not a deposit of or guaranteed by any bank, bank affiliate, or credit union.**

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## Top 10 Holdings

	% of Holdings
New Jersey Economic Development Authority, Series PP, AGM-CR, 5.00%, due 06/15/2025	1.20
Commonwealth of Pennsylvania, Series A, AGM-CR, 4.00%, due 09/15/2030	1.09
iShares 20+ Year Treasury Bond ETF	0.91
Yonkers Industrial Development Agency, Series A, 6.00%, due 06/01/2041	0.80
Commonwealth of Pennsylvania, Series A, AGM-CR, 4.00%, due 09/15/2031	0.79
University of Texas System, Series B, 2.50%, due 08/15/2036	0.79
U.S. Treasury Note, 2.25%, due 08/15/2027	0.72
Will County School District No. 86, Series C, AGM-CR, 5.00%, due 03/01/2024	0.70
Ohio Air Quality Development Authority, Series E, 5.62%, due 10/01/2019	0.53
Wisconsin Housing & Economic Development Authority, Series B, FNMA, 3.15%, due 09/01/2030	0.50
<b>Percentage of total portfolio</b>	<b>8.03</b>

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

## Fixed Income Statistics

Average Price	\$107.16
Average Maturity	6.92 years
Average Duration	5.85 years

Source: Belle Haven

**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 of 3.25%. Performance for other share classes will vary.**

**The gross expense ratios for this fund are 0.78% and 0.59% for Class A and Class I shares, respectively. The net expense ratios for this fund are 0.68% and 0.59% for Class A and Class I shares, respectively. Contractual arrangements have been made with the fund's investment manager, Transamerica Asset Management, Inc. (TAM), through March 1, 2018.**

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.

There are no sales charges on 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 Bloomberg Barclays Managed Money Intermediate (1-17 Year) Index (Bloomberg Barclays MMI (1-17 Year) 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.

**Before investing, consider the fund's investment objective, risks, charges, and expenses. Contact your financial professional or go to [transamerica.com](http://transamerica.com) for a prospectus and/or summary prospectus with this information. Read it carefully.**

Transamerica Funds are advised by Transamerica Asset Management, Inc. and distributed by Transamerica Capital, Inc.  
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MQQMUNI1017

## Total Return Performance (%)

	3 Mo	YTD	1 Yr	3 Yr*	5 Yr	10 Yr	Inception*
Class A (at NAV)	1.11	4.88	-0.10	3.61	N/A	N/A	5.28
Class A (at POP)	-2.17	1.48	-3.31	2.49	N/A	N/A	4.57
Class I (at NAV)	1.13	4.85	0.01	3.73	N/A	N/A	5.39
Bloomberg Barclays MMI (1-17 Year) Index	0.81	4.52	0.51	2.86	N/A	N/A	-

\* Average Annual Total Return

## Calendar Year Performance (%)

	2016	2015	2014	2013	2012	2011	2010
Class A (at NAV)	-0.36	4.72	11.30	1.10	N/A	N/A	N/A
Class I (at NAV)	-0.21	4.92	11.41	1.33	N/A	N/A	N/A
Bloomberg Barclays MMI (1-17 Year) Index	-0.27	3.40	6.83	-1.85	N/A	N/A	N/A

## Risk Measures\*

3 years

Alpha	0.52
Beta	1.09
R-Squared	96.60
Standard Deviation	3.99

\*Risk measures are in comparison to the fund's primary benchmark unless otherwise indicated. Based on Class A shares at NAV for the 3-year period.

**Alpha** is a coefficient measuring the portion of a fund's return arising from specific (non-market) risk. Historical **Beta** illustrates a fund's sensitivity to price movements in relation to a benchmark index. **R-Squared** is a statistical measure that represents the percentage of a fund's movements that can be explained by movements in a benchmark index. **Standard Deviation** is a statistical measurement that helps to gauge the fund's historical volatility.

Average Maturity is computed by weighting the maturity of each security in the portfolio by the market value of the security, then averaging these weighted figures.

Average Duration is a time measure of a bond's interest-rate sensitivity, based on the weighted average of the time periods over which a bond's cash flows accrue to the bondholder.