aegon asset management

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Aegon High Yield Global Bond Fund

Q3 2024

The Aegon High Yield Global Bond Fund is a high-conviction portfolio that relies on a bottom-up approach with an emphasis on deep, fundamental credit analysis. The investment approach is dynamic and nimble, seeking to invest primarily in high yield corporate bonds across the global high yield market. We are active, high conviction managers that focus on investing in our best ideas using a flexible mandate and index-agnostic approach to exploit market opportunities.

High Conviction, Flexible Strategy	Emphasis on Best Ideas 90 – 140 Holdings	Time-Tested Track Record Inception 2007	Global High Yield AuM USD 2.4bn*	Integrated ESG Approach SFDR Article 8

*Source: Aegon Asset Management, 30 September 2024.

Thomas Hanson, CFA
Head of Europe High Yield

Mark Benbow
Investment Manager, Fixed Income

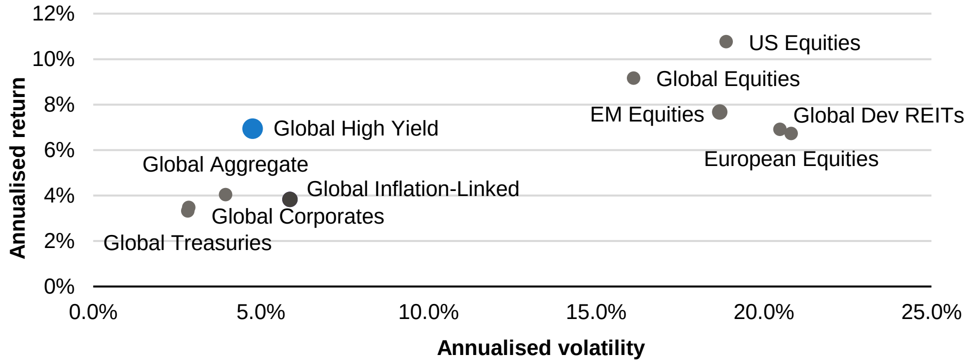
SFDR CLASSIFICATION: ARTICLE 8

Why invest in high yield bonds?

High yield bonds offer evergreen appeal with attractive income and risk-adjusted returns, low interest-rate sensitivity and strong diversification benefits. In our view, high yield bonds exhibit compelling characteristics compared to many other parts of the fixed income market and can play a key role within client portfolios.

- **Attractive income**: Enhanced income potential due to the increased spreads over government bonds.
- **Enhanced risk-adjusted returns**: Equity-like returns, but with significantly lower volatility, offering investors compelling risk-adjusted returns potential relative to other fixed income assets over the long term.
- **Lower interest-rate risk**: A shorter duration profile than many other fixed income assets. This can help investors to reduce interest-rate sensitivity.
- **Diversification benefits**: High yield bonds have historically had low correlations to other fixed income assets and equities, helping investors to diversify their portfolios.

20 Year Asset Class Risk versus Return Profiles**



**Source: Bloomberg, MSCI and S&P. Reflects annualized total return and standard deviation (volatility) over a 20-year period to 30 September 2024. Based on daily returns hedged to USD. Includes the following indices: Bloomberg Global High Yield TR for 'Global High Yield'; Bloomberg Global Aggregate TR for 'Global Aggregate'; Bloomberg Global Aggregate Corporates TR for 'Global Corporates'; Bloomberg Global Inflation Linked TR for 'Global Inflation Linked'; Bloomberg Global Treasury TR for 'Global Treasury'; MSCI World TR for 'Global Equities'; MSCI Emerging Markets Total Return USD for 'EM Equities'; MSCI Europe TR for 'European Equities'; MSCI USA TR for 'US Equities'; and S&P Developed REIT TR USD for 'Global Dev. REITS'.

Why Aegon AM? High-conviction, flexible style has delivered results

Our investment approach is dynamic and nimble. We are active, high conviction managers seeking to exploit market opportunities and inefficiencies. Our disciplined process is bottom-up focused, with an emphasis on deep, fundamental credit analysis complemented by a structured top-down process. The strategy invests across the global high yield market and aims to maximise total return while also generating strong risk-adjusted returns.

High-conviction selection	Emphasis on deep, fundamental credit analysis to build a high-conviction portfolio of best ideas from the bottom-up, supported by a structured top-down process.
Flexible, index-agnostic approach	Index-agnostic, flexible approach aims to maximise the opportunity set and avoids unintended constraints imposed by a benchmark.
A truly global strategy	We exploit opportunities across the global high yield market as we combine global perspectives with local insights.

A global team with specialised research resources

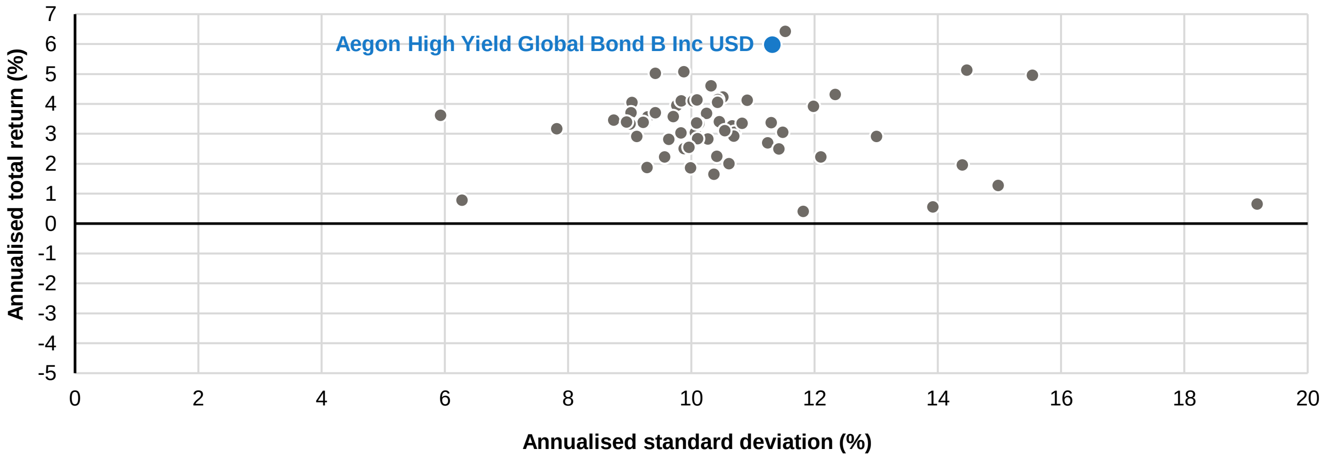
The strategy is managed by Thomas Hanson, CFA, Head of Europe High Yield, and Mark Benbow, Investment Manager. Both portfolio managers bring deep investing expertise and decades of prior industry experience. Our portfolio managers draw upon the expertise of over 150 investment professionals across the global fixed income platform, including dedicated high yield, distressed and emerging market research analysts.

Global leveraged finance team	Focused high yield credit research	Specialised distressed research
Access insights from investment professionals on a global leveraged finance team	In-depth fundamental research provided by dedicated high yield credit analysts on a global platform	Differentiated distressed research team helps mitigate risk and uncover in lower-quality credit

Risk-aware approach to pursue enhanced outcomes

Maintaining investment discipline is central to our style. Using a risk-focused mindset, we take sufficient, but not excessive, investment risk as we pursue performance targets while staying within risk tolerances. We actively manage the fund's risk profile to pursue upside potential and minimize downside risk in an effort to deliver competitive risk-adjusted returns throughout cycles. The results of our risk-focused approach are evidenced in the chart below.

Risk vs. Return – Trailing 5 Years
Aegon High Yield Global Bond Fund vs. Lipper Global Bond Global High Yield USD



Source: Lipper. 5 years to 30 September 2024 NAV to NAV, noon prices, income reinvested, net of ongoing charges, excluding entry or exit charges. Volatility is measured by annualised daily standard deviation.

Why high yield now?

The high yield market continues to provide compelling opportunities now based on the high income, attractive yields and compelling long-term return potential. However, slowing economic conditions and the lingering effects of higher rates create headwinds for companies. Although most companies are starting from a position of strength, this environment warrants careful selection, while also creating a ripe environment for active managers to generate differentiated performance.

High income opportunities	As rates have shifted higher, the coupons available on new bond issues and refinanced debt have continued to climb higher, offering investors income opportunities rarely seen in recent years. Related article: **Carry On: Income Opportunities in High Yield Bonds**
Elevated yields attractive breakeven	Although spreads are tight, the asset class continues to offer high yielding opportunities. With the starting index yield around 7%†, we think high yield bonds look interesting for long-term investors. High yield bonds also offer an enhanced breakeven (yield/duration), which can help cushion against volatility. Related article: **Fixed Income Opportunities: Evaluating Spreads vs. Yields.**
Compelling long-term return potential	The structural case for high yield remains in-tact with equity-like returns and lower volatility over longer periods, providing an attractive risk-return profile. Related article: **Evergreen Appeal of High Yield Bonds**

†Source: Bloomberg as at 30 September 2024. ICE BofA Global High Yield Constrained Index.

Fund details

Inception	8 November 2007
Fund size	USD 1,173 million (as at 30 September 2024)
Objective	The investment objective is to maximise total return (income plus capital)
Comparator peer group	Lipper Global Bond Global High Yield USD
Reference index	ICE BofA Global High Yield Constrained Index
Typical portfolio characteristics	Number of issues: 90 – 140 issues Ratings limits: BBBs: Max 20%; CCC & Below: Max 20% Typical position size: 0.50% - 3.0%
Investment universe	See table below
Share classes	GBP, EUR (hedged), USD (hedged) and others available
Fund structure	Irish-domiciled, daily priced OEIC (UCITS structure) or segregated mandates
ESG approach	ESG integration; Internal ESG research; ESG investment criteria; Exclusions; Engagement
SFDR categorisation	Article 8

Investment universe

Role	Security type	Strategy weightings[1]
Primary	High yield corporate bonds	80-100%
Opportunistic	Investment grade corporate bonds	0-20%
	Emerging market debt	0-20%
	Cash & cash equivalents	0-20%

[1]General range of weightings under normal market conditions.

About Aegon Asset Management

Aegon AM is an active global investor. Our 385^ investment professionals manage and advise on assets of $341 billion^ for a global client-base of pension schemes, public funds, insurance companies, banks, foundations, wealth managers, family offices and individuals. We are a global business with around 1,100^ employees across Europe, the Americas and Asia. We organise our investment capabilities around four focused investment platforms where we have deep asset-class expertise: fixed income, real assets, equities, and multi-asset & solutions.

^Source: Aegon AM as at 30 June 2024

Calendar year performance* (%)

	2023	2022	2021	2020	2019
Aegon High Yield Global Bond Fund USD B Inc	14.7	-7.7	6.1	6.4	15.4
Lipper Global Bond Global High Yield USD Peer Group	11.3	-11.6	3.0	4.2	13.1
ICE BofA Global High Yield Constrained (USD Hedged) Index*	12.9	-11.4	3.0	6.5	14.5
	2018	**2017**	**2016**	**2015**	**2014**
Aegon High Yield Global Bond Fund USD B Inc	-0.5	6.4	9.5	-0.7	4.9
Lipper Global Bond Global High Yield USD Peer Group	-3.3	6.9	13.3	-3.2	1.1
ICE BofA Global High Yield Constrained (USD Hedged) Index*	-1.9	8.0	16.2	-2.0	2.5

Source: Lipper as at 31 December 2023. Performance shown is for the B USD Inc share class. NAV to NAV, noon prices, income reinvested, net of ongoing charges, excluding entry or exit charges. The Fund is in the Lipper Global – Bond Global High Yield sector. Compiled using Lipper Primary share classes. Lipper primary share classes are generally the highest charging share classes available and are usually the 'A' retail share classes for Aegon AM funds. Note: peer group benchmarks have noon prices and index benchmarks have close of day prices. *Formerly known as BofA Merrill Lynch Global High Yield Constrained (USD Hedged) Index.

Investment policy

The Aegon High Yield Global Bond Fund invests predominantly in high yield (higher risk) bonds, investment grade (lower risk) bonds and cash. Bonds will be issued by companies and governments worldwide. The Fund is actively managed. The Fund may also invest in derivatives (financial contracts whose value is linked to an underlying asset). The Fund may invest up to 20% in emerging markets. In investment terms, this means those economies that are still developing. Within the limits set out above, the Fund has discretion in its choice of investments and is not restricted by market sector. It may also hold a limited range of other investments and it is not constrained by any benchmark or index.

The Fund may use investment techniques to manage risks and costs. These techniques include 'hedging' (using derivatives to reduce the risk associated with making investments in other currencies). Up to 20% of the Fund may not be 'hedged' i.e. the Fund is exposed to the risks of investing in another currency for this portion.

Risks – the main risks are:

Credit: An issuer of bonds may be unable to make payments due to the Fund (known as a default). The value of bonds may fall as default becomes more likely.

Liquidity: The Fund's value may fall if bonds become more difficult to trade or value due to market conditions or a lack of supply and demand.

For more details on the risks for this fund please see the KIID or Prospectus.

Important information

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Past performance does not predict future returns. Outcomes, including the payment of income, are not guaranteed.

Fund charges are deducted from capital which has the effect of increasing income distributions but constraining capital growth.

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