

ESG Report

Ethical Cautious Managed Fund

As of 31 December 2024

This is a marketing communication.



ESG reporting overview

At Aegon Asset Management, we are committed to active, engaged and responsible investment. Our comprehensive responsible investing approach includes three key pillars: Environmental, Social and Governance (ESG) integration, active ownership and focused responsible investment solutions. As part of our commitment to responsible investment, we aspire to provide transparent and informative reporting on our responsible investing approach and activities.

This ESG report includes four primary components:

- **ESG integration and characteristics:** Overview of our approach to ESG integration and summary of the portfolio's ESG profile based on our proprietary ESG view.
- **Third Party ESG Scores:** Summary of the portfolio's ESG profile based on external ESG categories or scores.
- **Active ownership activities:** Overview of engagement and voting activities within the portfolio.
- **Climate Related Metrics:** Summary of the portfolio's carbon footprint including carbon impact metrics and intensity of holdings.

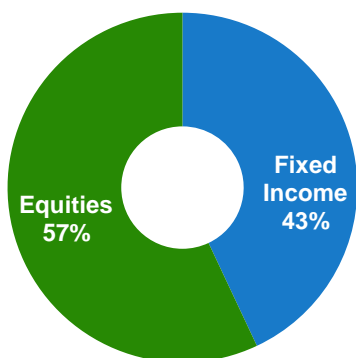
This report was prepared for the Aegon Ethical Cautious Managed Fund as of 31 December 2024.

Fund objective

The investment objective is to provide a combination of income and capital growth over any 7 year period.

Asset class breakdown

Our multi-asset strategies are composed of three component building blocks: equities, fixed income and alternatives. The chart below provides an indication of the breakdown of AUM by block for this portfolio at the reporting date.



Source: Aegon AM. Values as of reporting date. May not add to 100% due to rounding. Alternative holdings include listed property (REITs), listed infrastructure and renewable energy securities. Excludes cash and cash equivalents.

ESG integration and characteristics

Our Multi-Asset team's primary task is to determine the asset allocation for the component building blocks of the strategy. Security selection within these building blocks is a collaborative effort led by the asset-class specialists within our fixed income and equity teams. It is here, in the bottom-up analysis, that determines issue selection, that all relevant factors, ESG or otherwise, that affect the durability of business models and bond cash flows are considered.

The focus of the process is around identifying and understanding risks and opportunities that may impact the relative attractiveness of an investment. This includes leveraging the ESG research from the equity and fixed income specialists where there is particular focus on macro developments (such as energy transition or social housing policy), as well as corporate governance (board structures, legal jurisdictions and executive pay policies).

Equities

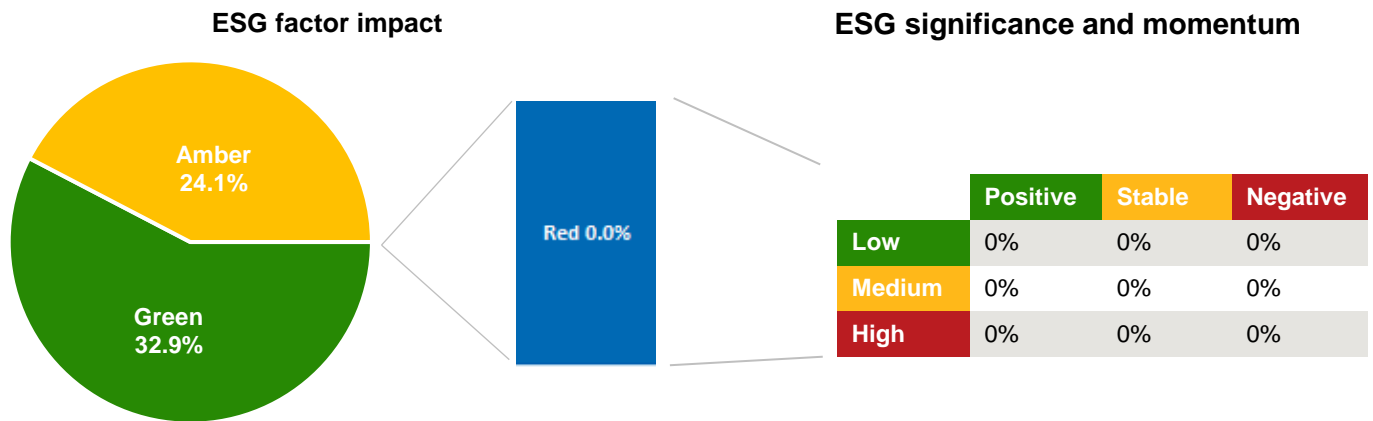
Within equities ESG factors are evaluated in the fundamental analysis process, looking across the ESG spectrum to tailor the specific circumstances of a company to identify both risks and opportunities. Our equity fund managers and analysts use a common three-stage ESG framework to determine the materiality of the identified ESG factors from a risk and return perspective: Stage 1 involves identifying the most material ESG factors for a company, assessing the impact of those factors on the company and categorising that impact as negative (red), neutral (amber) or positive (green); Stage 2 determines its level of significance relative to other considerations; and Stage 3 looks at the direction of travel for a given ESG factor and a company's overall ESG profile.

Alternatives are generally accessed through listed vehicles and are correspondingly evaluated following the same method as equities for ESG.

	Stage 1	Stage 2	Stage 3
	ESG factor impact	Level of ESG significance	Direction of change
Aegon AM	I Red	I High	↑ Positive
ESG	I Amber	I Medium	→ Stable
category			
evaluation	I Green	I Low	↓ Negative

ESG category allocation of equity

In the chart below we show the breakdown of the equity holdings in the portfolio, with stages 2 and 3 focusing on the red-rated holdings.



Source: Aegon AM. Values as of reporting date. May not add up due to rounding. Includes equity holdings only. Excludes cash and cash equivalents. ESG Categories can be green, amber or red; ESG Significance can be low, medium, or high; ESG Momentum can be positive, stable, or negative.

Top and bottom five ESG equity and alternative holdings

Name	ESG Category	Significance	Momentum	Portfolio Weight
Top 5 Holdings				
SSE PLC	Green	High	Positive	2.0%
VOLUTION GROUP PLCINARY	Green	High	Positive	1.7%
OXFORD INSTRUMENTS PLC	Green	High	Positive	1.5%
LEGAL AND GENERAL GROUP PLC	Green	High	Positive	1.2%
TRAINLINE PLC	Green	High	Positive	0.8%
Bottom 5 Holdings				
PRUDENTIAL PLC	Amber	High	Stable	0.9%
NATWEST GROUP PLC	Amber	Medium	Stable	2.5%
TRUSTPILOT GROUP PLC	Amber	Medium	Stable	1.3%
BELLWAY PLC	Amber	Medium	Stable	1.3%
PARAGON BANKING GROUP PLC	Amber	Medium	Stable	1.3%

Source: Aegon AM. Values as of reporting date. Top and bottom five equity holdings based on ESG categories and portfolio market value. The fund holds no 'red' rated stocks. All information is provided for informational purposes and the reader should not assume that investments in the securities identified and discussed were or will be profitable.

Fixed income

ESG factors are systematically integrated into our bottom-up credit research process for sovereign and corporate credits. By integrating ESG considerations with economic factors, and drawing from specialized ESG research sources, the Credit Research teams seek to identify financially material ESG factors and arrive at an independent, comprehensive view of the investment.

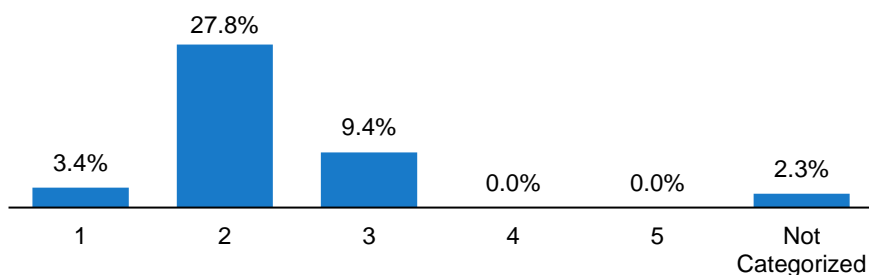
Integration of ESG factors into the investment process first occurs as part of the fundamental credit research analysis for issuers. Our Credit Research teams integrate ESG information into their analysis by evaluating data from various third-party sources in combination with internal research to assign credits into a proprietary ESG category. Focus is given to the potential economic impact ESG issues may have on the issuer's ability and willingness to meet debt obligations. The level of credit impact is categorized as one of five levels with increasing magnitude.

Aegon Asset Management ESG Categories

Category	Description
1. Leader	The fundamentals are positively affected by effective ESG practices.
2. Minimal risk	Fundamentally low exposure to ESG risks or presence of factors that mitigate most of the ESG risks.
3. Event risk	ESG risk exposures could negatively affect the issuer fundamentals, but the effect is not measurable, and timing is uncertain.
4. Fundamental risk	ESG risks are resulting in negative pressure on the issuer fundamentals, however we expect limited impact on the credit rating.
5. Rating risk	ESG factors have resulted in a material negative effect on the issuer fundamentals, that may or may not be currently reflected in its credit rating.

ESG category allocation of fixed income holdings

Please note that all information is provided for informational purposes and the reader should not assume that investments in the securities identified and discussed were or will be profitable.



	Portfolio
Weighted average ESG category	2.0
Fixed Income Coverage	95%

Source: Aegon AM. Values as of reporting date. May not add up due to rounding. Includes all fixed income holdings. Excludes cash and cash equivalents. ESG Categories are based on a scale of 1 to 5 where: 1: Leader; 2: Minimal Risk; 3: Event Risk; 4: Fundamental Risk; 5: Rating Risk.

Top and bottom fixed income holdings by ESG category

Name	ESG Category	Portfolio Weight
Top 5 Holdings		
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT	1	0.9%
KFW	1	0.7%
UNITE GROUP PLC	1	0.6%
LEGAL & GENERAL GROUP PLC	1	0.5%
PLACES FOR PEOPLE HOMES LTD	1	0.4%
Bottom 5 Holdings		
YORKSHIRE WATER FINANCE PLC	3	0.9%
NORDEA BANK ABP	3	0.7%
PACIFIC LIFE GLOBAL FUNDING II	3	0.7%
ANGLIAN WATER OSPREY FINANCING PLC	3	0.6%
BT GROUP PLC	3	0.6%

Source: Aegon AM. Values as of reporting date. Includes top and bottom five fixed income issuers based on ESG categories and portfolio market value exposure. All information is provided for informational purposes and the reader should not assume that investments in the securities identified and discussed were or will be profitable.

Third Party ESG Scores

Third-party ESG perspectives serve as a helpful input into our process. While informative, the metrics are prone to limitations and do not replace our own proprietary view on ESG matters.

ISS	Portfolio	MSCI	Portfolio
ESG Performance Score	52.1	MSCI Overall ESG Score	8.1
Coverage	81%	Coverage	89%

Source: ISS ESG. Values as of reporting date. The ISS ESG Performance Score is a numerical expression of the alphabetic overall rating (A+ to D-) on a scale of 0 to 100, where 0 is very poor and 100 is outstanding. The alphabetic ESG Ratings reflect a company's demonstrated ability to adequately manage material ESG risks, mitigate negative and generate positive social and environmental impacts, and capitalize on opportunities offered by the transformation towards sustainable development. Within the ISS Performance score scale (1-100), 50 represents the normalized Prime threshold – Prime status is granted to companies with an ESG performance in line with or above the respective industry rating (B-, C+, C). The industry rating is determined based on an assessment of the industry's overall magnitude of risk exposure to ESG factors. Reproduced with permission. Not further distribution.

Source: MSCI. Values as of reporting date. The Overall ESG Scores represents either the ESG Ratings Final Industry Adjusted Score or Government Adjusted ESG Score of the issuer. ESG Ratings indicate how well an issuer manages its most material ESG risks relative to sector peers. Government Ratings indicates overall environmental, social, and governance (ESG) performance of a region. The score is on a 0-10 scale, where 0 is very poor and 10 is outstanding. Certain information MSCI ESG Research L.L.C. Reproduced with permission. Not further distribution.

Active ownership

We believe taking responsibility as an investor also means being a truly active owner, not just as a shareholder but as a financier more broadly. With a long-term focus, we have built a robust active ownership program that includes exercising shareholder voting rights in the best interest of our clients and engaging with bond or equity issuers in an effort to mitigate ESG risk, to help better understand the opportunities that companies face and encourage more sustainable practice. We aspire to influence positive change to improve companies' performance and to pursue competitive returns for our clients.

Engagement activity

We seek to do this by engaging in dialogue with issuers, either bilaterally or as part of an investor consortium. This dialogue can provide opportunities to highlight ESG risks, inform management on sustainability concerns, promote growth in sustainable business lines or advocate for changes that align with responsible investment standards. Successful engagement can also create new investment opportunities. By spearheading engagement and exercising voting rights, we use our voice and actions to try to effect positive change.

We classify our engagements by topic: general disclosure, where we are seeking additional information from the issuer on practices or products; and by ESG headings, where we are seeking performance improvements in environmental, social or governance areas respectively.

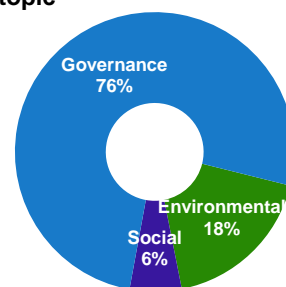
Engagements are tracked with a milestone-based approach:

Milestone 1	We have flagged our concerns and contacted the company
Milestone 2	The company responds (letter, email, phone call) and the dialogue starts.
Milestone 3	The company has taken concrete steps to resolve our concerns.
Milestone 4	The engagement goal has been achieved.
No further action required	In some cases our assessment changes and - following discussions with the company - we do not pursue the engagement. We categorize the engagement as 'no further action required'.

Over the one-year to 31 December 2024 we have had 50 engagements with 35 issuers. Below we break this down by milestone and topic.

By Milestone	Engagements
Milestone 1	16%
Milestone 2	36%
Milestone 3	24%
Milestone 4	16%
No further action required	8%

By topic

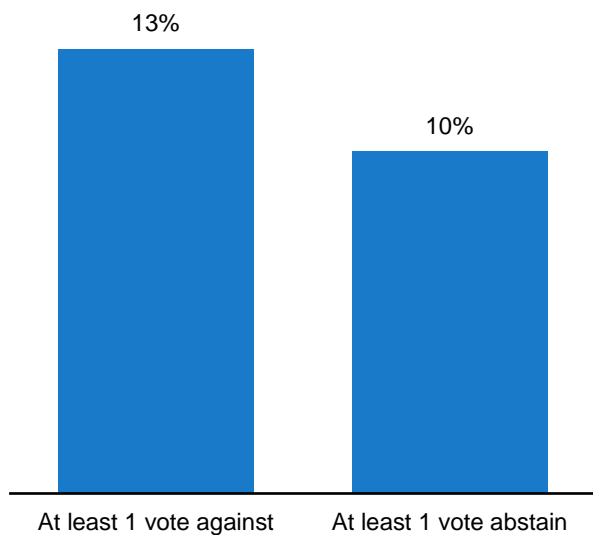


Source: Aegon AM. Includes engagement activity for issuers held in this portfolio during the one-year period ending on the reporting date. Issuers may be engaged more than once over the same period and on more than one topic.

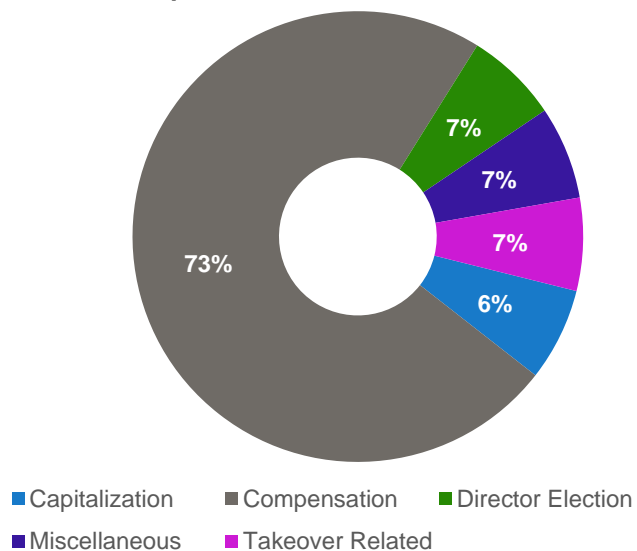
Voting activity

Over the one-year period to 31 December 2024, we voted in 60 meetings conducted by issuers in the portfolio. Below we break this down by voting intention.

Overview of votes cast



By resolution topic



Source: Aegon AM. Includes voting activity for issuers held in this portfolio during the one-year period ending at the reporting date. Multiple votes may be cast for the same meeting and on more than one topic.

Climate Related Metrics

Climate change is one of the most urgent risks facing the sustainability of our planet. We measure and report the carbon footprint and other climate metrics of portfolios in order to help our clients understand the climate impact of their investments.

Total emissions	The total emissions of a portfolio can be determined by multiplying the carbon footprint times the total amount invested in GBP millions. Total emissions will vary by exposure and is thus not included in the table below.
Carbon footprint	This metric represents the financed carbon emissions (only Scope 1&2 emissions are included in this report) of a portfolio normalised by the total portfolio value in millions of GBP. This metric is useful for comparing portfolios but is sensitive to the same EVIC data dependencies detailed above under financed emissions. In addition, when comparing changes in carbon footprint over time, the metric can be driven by changes in EVIC rather than changes in carbon emissions. To correct for this, PCAF has suggested applying an adjustment factor to the formula to enable comparison of carbon footprint over time. This formula is conceptually endorsed by AAM, but fails to consider the implications of portfolio composition changes as well as data availability. As such, the carbon footprint used in this report has not been calculated using any adjustment factors, but we are awaiting and monitoring the maturation of the calculation methodology guidance from PCAF.
GHG Intensity	This metric represents the carbon emissions (only Scope 1&2 emissions are included in this report) of an issuer divided by their revenue in millions of GBP which is then allocated by portfolio weight. This metric is useful for comparison between portfolios of different sizes and allows for comparison of issuers' carbon intensity. However, companies with higher prices compared to their peers may be favourably impacted when normalising their emissions by revenues. In the future, we also expect the same inflation adjustment factor to be applied to issuers' revenues as suggested for issuers' EVIC, but to date, no specific guidance has been issued on this metric by PCAF.
GHG intensity	Coverage of our portfolio gives an indication on the data availability per metric from our external provider – it should be noted that exposures to assets other than public equities, fixed income and sovereign bonds are filtered out of the report. Coverage is expressed as a %, which is the sum of the market value of portfolio holdings that are covered by ESG data. Securities with no ESG data coverage are disregarded from the aggregation methodology for all metrics and the rest of the dataset is renormalized.

Climate Related Metrics

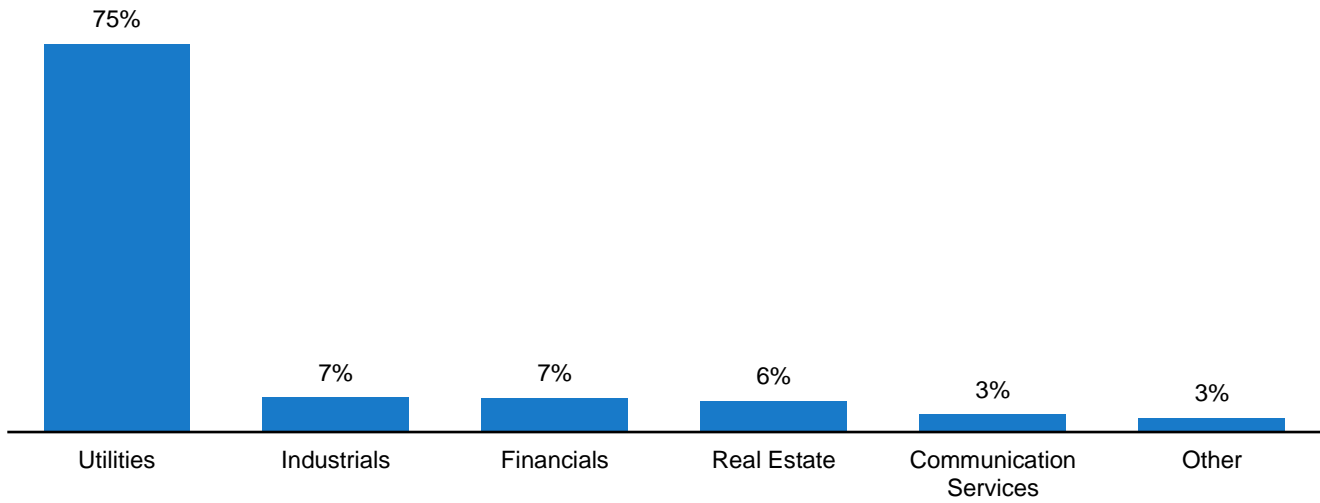
Metric	Unit	Portfolio	Portfolio coverage
Total emissions	tCO2e	2,842	91%
Carbon Footprint	tCO2e / GBP million invested	16	91%
GHG intensity	tCO2e / GBP million revenue	81	93%

Source: Aegon AM. Values as of reporting date. Climate metrics calculated in line with Sustainable Finance Disclosure Regulation (SFDR) and Taskforce for Climate-related Financial Disclosures (TCFD) recommendations. Carbon Footprint and GHG Intensity values have been adjusted to account for variance in coverage. Climate change data availability may change over time and characteristics will vary. Certain information MSCI ESG Research L.L.C. and Bloomberg Finance L.P. Reproduced with permission. Not for further distribution.

¹This metric was previously named as "Relative Intensity"

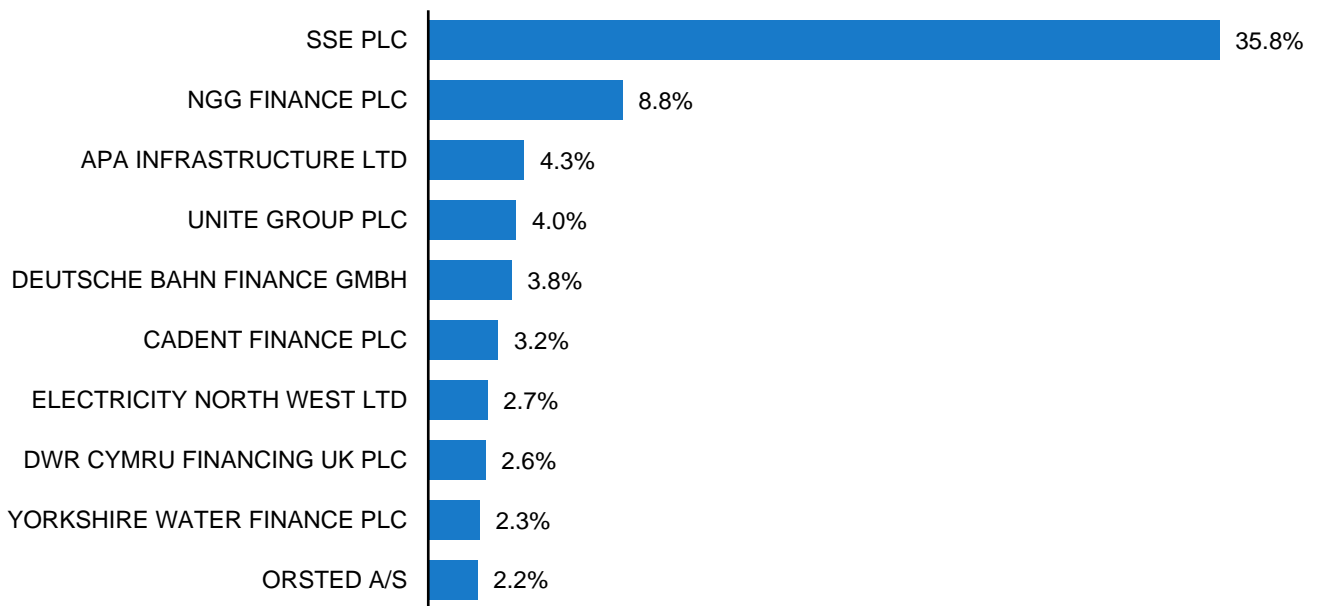
²This metric was previously names as "Weighted Average Carbon Intensity"

GHG Intensity: By sector



Source: Aegon AM. Values as reporting date. Reflects sector allocations (excluding cash and cash equivalents) based on GHG intensity. All information is provided for informational purposes only and the reader should not assume that investments in the securities identified and discussed were or will be profitable. Certain information MSCI ESG Research L.L.C. and Bloomberg Finance L.P. Reproduced with permission. Not for further distribution.

GHG intensity by holding (top-10)



Source: Aegon AM. Values as reporting date. Top ten holdings by GHG intensity. All information is provided for informational purposes only and the reader should not assume that investments in the securities identified and discussed were or will be profitable. Certain information MSCI ESG Research L.L.C. and Bloomberg Finance L.P. Reproduced with permission. Not for further distribution.

Investment policy and risks

Investment policy

To invest in a diversified portfolio of equities denominated in any currency; and corporate bonds which may be denominated in non-Sterling up to a maximum of 20% and issued anywhere in the world.

The Fund operates an ethical screen which means that the Fund will limit or avoid investment in companies that are involved in or exposed to activities that may be considered as having an adverse effect either on society or the environment and are commonly considered as unethical. The Fund's ethical criteria defines the initial investment universe (Criteria'). For further details on the Criteria please see the Fund's Prospectus.

In all cases, the equity (including the non-UK equities) and corporate bond investments of the Fund will meet the Fund's predefined Criteria. The Fund is actively managed and the portfolio may at any one time be allocated more towards equities or bonds depending on the ACD's view on the current market conditions.

Equities will be limited to a maximum of 60% of the Fund's value at all times. At least 80% of equity exposure will be to UK companies which are listed, quoted or traded in UK markets or which have their headquarters or a significant part of their activities in the UK but which may also be quoted on a regulated market outside of the UK. However, up to 20% of all equity investments may be made in non-UK companies.

In relation to investment in equities, the Fund can invest in companies of any market capitalization (small, medium or large) and in a range of industry sectors, subject to the Fund's ethical criteria.

The Fund will typically invest in publicly quoted companies and have a bias towards small and medium companies. At least 90% of all corporate bond investments will be in investment grade corporate bonds. Investment grade corporate bonds are bonds issued by companies whose credit rating is deemed to be investment grade, defined as Baa3 or higher by Moody's Investor Services (Moody's), BBB- or higher by Standard & Poor's (S&P) or BBB- or higher by Fitch, or their respective successors or equivalents.

Further details of the ACD's broader approach to Responsible Investing and process can be found in the Document Section of the website at www.aegonam.com under the section Responsible Investing.

To the extent that the Fund is not fully invested in the main asset classes listed above, the Fund may also invest in other transferable securities, collective investment schemes (up to 10% of Net Asset Value and which may include schemes managed by the ACD or its affiliates), money market instruments, deposits and cash and near cash. It is intended that investment in any other collective investment schemes will be predominately in approved money market instruments.

Derivatives may be used for efficient portfolio management (including hedging to reduce currency risk). Non-Sterling equity exposure may or may not be hedged back to Sterling to reduce currency risk. Non-Sterling corporate bond exposure will be hedged back to Sterling to reduce currency risk.

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. Both default and expected default may cause the Fund's value to fall. High yield bonds generally offer higher returns because of their higher default risk and investment grade bonds generally offer lower returns because of their lower default risk.
- **Liquidity:** The Fund's value may fall if some investments, especially in smaller companies or high yield 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 at www.aegonam.com/documents.

Glossary

ESG Integration

ESG integration means incorporating financially-material ESG factors into our investment analysis to better understand risk and uncover potential opportunities.

Active Ownership

Active ownership is the use of the rights and position of ownership to influence the activities or behaviour of investee companies. Active ownership can be applied differently in each asset class. For listed equities, it includes engagement and voting activities.

Carbon Footprint

This metric represents the financed carbon emissions (only Scope 1&2 emissions are included in this report) of a portfolio normalised by the total portfolio value in millions of GBP. This metric is useful for comparing portfolios but is sensitive to the same EVIC data dependencies detailed above under financed emissions. In addition, when comparing changes in carbon footprint over time, the metric can be driven by changes in EVIC rather than changes in carbon emissions. To correct for this, PCAF has suggested applying an adjustment factor to the formula to enable comparison of carbon footprint over time. This formula is conceptually endorsed by AAM, but fails to consider the implications of portfolio composition changes as well as data availability. As such, the carbon footprint used in this report has not been calculated using any adjustment factors, but we are awaiting and monitoring the maturation of the calculation methodology guidance from PCAF.

Scope 1, 2 and 3 emissions

Scope 1 carbon emissions are namely emissions generated from sources that are controlled by the company that issues the underlying assets.

Scope 2 carbon emissions are namely emissions from the consumption of purchased electricity, steam, or other sources of energy generated upstream from the company that issues the underlying assets.

Scope 3 carbon emissions are namely all indirect emissions that are not covered by points (I) and (II) that occur in the value chain of the reporting company, including both upstream and downstream emissions, in particular for sectors with a high impact on climate change and its mitigation.

Important information

This is a marketing communication. Please refer to the Prospectus of the UCITS and to the KIID before making any final investment decisions. The relevant documents can be found at aegonam.com. The principal risk of this product is the loss of capital.

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

Opinions and/or example trades/securities represent our understanding of markets both current and historical and are used to promote Aegon Asset Management's investment management capabilities: they are not investment recommendations, research or advice. Sources used are deemed reliable by Aegon Asset Management at the time of writing. Please note that this marketing is not prepared in accordance with legal requirements designed to promote the independence of investment research, and is not subject to any prohibition on dealing by Aegon Asset Management or its employees ahead of its publication.

Fund Charges are deducted from capital, but will be deducted from capital where income is insufficient to cover charges.

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