

## US Bank Loans

### Market review

Loans had a strong quarter on the back of cooling trade tensions, collateralized loan obligation (CLO) growth, and retail flows turning positive throughout the quarter. There was a noticeable drop-off in primary supply as the market selloff in March/early April pushed back merger and acquisition activity and expected deal creation. As such, managers continued to buy loans in the secondary, resulting in a strong underlying bid at higher and higher levels throughout the period.

In 2025, investors are learning the cost of macro uncertainty—volatility. While the overall fiscal policy shift could turn out to be a positive supply shock, it must first get through the short-run challenges of sequencing the policy changes (tariff implementation occurs before tax legislation or de-regulation). Thus, the impact so far has been a drag as tariffs weigh on growth, while the stimulative aspect of tax cuts and deregulation are still to come.

On the economic front, inflation edged up to 2.4% in May compared to a year ago, according to data from the Bureau of Labor Statistics. That was slightly higher than its 2.3% reading in April. The US labor market added 147,000 jobs in June, according to data from the Bureau of Labor Statistics. However nearly half of that total came from the public sector. The unemployment rate, which is based on a separate survey, fell to 4.1%—mostly due to a contraction in the labor force.

### Performance review

During the quarter, the US Bank Loans strategy outperformed the S&P UBS Leveraged Loan Index gross and net of fees. The strategy had a solid quarter, led by security selection across all ratings categories, and benefited from an expected take-out from a re-org equity position. The strategy's overweight to high yield bonds relative to the index also contributed to performance. There were a few issuers in the food and beverage subsector that struggled due to a mix of tariffs and consumer trade-down to private label or cheaper alternatives.

### Market Outlook

Our outlook for US bank loans in the second half of 2025 is roughly for coupon-like returns, as the second-quarter price rally moved the Morningstar LSTA US Leveraged Loan Index back to the high 96 level, leaving limited price upside—particularly for medium- to higher-quality names that were already trading around par. Heading into the third quarter, fundamentals are mixed as decent underlying earnings are offset by tariffs and geopolitical uncertainty pressuring the outlook. Conversely,

### Highlights

- Loans had a strong quarter on the back of cooling trade tensions, collateralized loan obligation (CLO) growth, and retail flows turning positive throughout the quarter.
- The strategy outperformed the benchmark, gross and net of fees, over the quarter, led by security selection across all ratings categories.
- We expect the second half of 2025 to produce coupon-like returns given the second quarter price rally.

valuations are strong with attractive entry points for long-term investors. Price rallies will likely be limited going forward, but high starting coupons still compensate investors nicely. We are watching for pockets of volatility to emerge again as the developments come through on trade, tariffs and geopolitics, resulting in potentially attractive entry points for tactical investors. However, for investors willing to see through the potential volatility, we think the second half of the year will be another solid period of returns for the asset class.

US Bank Loans Composite

As of 6/30/25	QTD	YTD	1 yr	3 yr	5 yr	10 yr	Since inception*
Composite - Gross (%)	2.67	3.20	8.34	9.38	7.08	5.10	4.94
Composite - Net (%)	2.56	2.97	7.86	8.88	6.57	4.56	4.41
Benchmark (%)	2.33	2.96	7.50	9.54	7.39	5.14	4.90

**Past performance is not indicative of future results.** Returns are presented gross and net of management fees and include the reinvestment of all income. Returns for period longer than 12 months have been annualized. For comparison purposes, this composite is measured against the S&P UBS Leveraged Loan Index. \*Inception date: 1/1/14.

## Disclosures

The following Aegon affiliates are collectively referred to herein as Aegon Asset Management: Aegon USA Investment Management, LLC (Aegon AM US), Aegon USA Realty Advisors, LLC (Aegon RA), Aegon Asset Management UK plc (Aegon AM UK), and Aegon Investment Management B.V. (Aegon AM NL). Each of these Aegon Asset Management entities is a wholly owned subsidiary of Aegon Ltd.

**Past performance is not indicative of future results.** The net of fees performance is time weighted and includes the reinvestment of dividends, interest, and other earnings, and is calculated net of model fees and expenses. The gross of fees performance figures do not reflect the deduction of investment advisory fees (as described in the firm's ADV, Part 2), and other expenses. Cash is included in the calculation of performance. The client's return will be reduced by the management fees and any other expenses it may incur in the management of its investment advisory account. The volatility of the performance shown may be materially different from the individual performance attained by any specific investor. In addition, client holdings may differ significantly from the securities that comprise the index. It is not possible to invest directly in an index, which also does not take into account trading commissions and costs. In addition, the actual investment advisory fees incurred by the client will vary according to the asset classes in the account and the size of the account. An individual client's actual returns may differ from the results shown for reasons such as the timing of investments and withdrawals.

**This material is to be used for institutional investors and not for any other purpose.** This communication is being provided for informational purposes in connection with the marketing and advertising of products and services. This material contains current opinions of the manager and such opinions are subject to change without notice. Aegon AM US is under no obligation, expressed or implied, to update the material contained herein. This material contains general information only on investment matters; it should not be considered a comprehensive statement on any matter and should not be relied upon as such. If there is any conflict between the enclosed information and Aegon AM US' ADV, the Form ADV controls. The information contained does not take into account any investor's investment objectives, particular needs, or financial situation. Nothing in this material constitutes investment, legal, accounting or tax advice, or a representation that any investment or strategy is suitable or appropriate to you. The value of any investment may fluctuate. Investors should consult their investment professional prior to making an investment decision. Aegon AM US is not undertaking to provide impartial investment advice or give advice in a fiduciary capacity

for purposes of any applicable federal or state law or regulation. By receiving this communication, you agree with the intended purpose described above.

Strategies described herein are supported in part by investment models and/or other analytical tools. These models or tools inform but do not dictate investment recommendations. There is no assurance that these models or tools will work as intended, produce accurate results, or be free from defects, all of which could impact investment performance. Models or tools may be discontinued or modified for any reason and without notice.

Diversification does not ensure a profit nor guarantee against loss.

This document contains "forward-looking statements" which are based on the firm's beliefs, as well as on a number of assumptions concerning future events, based on information currently available. These statements involve certain risks, uncertainties and assumptions which are difficult to predict. Consequently, such statements cannot be guarantees of future performance, and actual outcomes and returns may differ materially from statements set forth herein.

The US dollar is the currency used to express performance.

Aegon USA Investment Management, LLC ("AUIM"), a wholly owned indirect subsidiary of Aegon Ltd., is a US-based investment adviser registered with the Securities and Exchange Commission ("SEC") and part of Aegon Asset Management, the global investment management brand of Aegon Group. AUIM operates under the brand name Aegon Asset Management US ("Aegon AM US") and is a limited liability company formed on June 1, 2001 and began managing assets on December 1, 2001. The firm definition was revised January 1, 2018 to better reflect AUIM's brand name and relationship within the global Aegon Asset Management organization.

Aegon AM US claims compliance with the Global Investment Performance Standards (GIPS®). Please contact Aegon AM US at 877-234-6862 to obtain a GIPS Composite Report for the strategy presented in this advertisement. GIPS® is a registered trademark owned by CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

©2025 Aegon Asset Management or its affiliates. All rights reserved.

Adtrax: 4162191.10

Exp: 11/30/25