

AEGON IG INSURED CREDIT FUND

Disclaimer: This document is not marketing material. It contains information about this Fund (the product) in relation to the Sustainable Finance Disclosure Regulation. The information is legally required to help you understand the sustainability characteristics and/or objectives and risks of this fund. It is recommended to read this document together with other relevant documentation on this product so you can make an informed decision about whether to invest. Definitions used in this document have the same meaning as those used in the Fund prospectus.

(a) Summary

This product promotes environmental and social characteristics by actively excluding certain investments that have a significant adverse impact on sustainability factors on an ongoing basis. In the due diligence, the product considers principal adverse impacts to the extent such data is available, and applies measures to screen out investee companies that do not follow good governance principles. The majority of the investments in the product are aligned with the environmental and social characteristics. The manager uses a wide variety of internal and external data from several sources as inputs for its decisions.

For a translation of this summary in one of the official languages of a member state where this financial product is made available, please refer to section (m) Summary Translations furtheron in this document.

(b) No sustainable investment objective

This financial product promotes environmental or social characteristics, but does not have as its objective a sustainable investment.

When funds aims to make one or more sustainable investments:

How the sustainable investments do not significantly harm any of the sustainable investment objectives?

Not applicable

How are the Principal Adverse Impacts (PAI) taken into account?

Not applicable

Are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights?

Not applicable

(c) Environmental or social characteristics of the financial product

What environmental and/or social characteristics are promoted by this financial product?

The Sub-Fund seeks to invests in loans, securities and other fixed income instruments whose collateral pools, originators, or countries of collateral are positively impacted by effective ESG practices. The environmental and social characteristics promoted by the Sub-Fund consist of investing in loan, securities and other fixed income instrument that meet the Sustainability criteria of the Portfolio Manager in order to come within the three lowest Sustainability risk categories identified, as described below. The Sub-Fund's promotion of these characteristics is founded on maximizing the exposure to asset pools that have favourable environmental, social, or governance characteristics No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Sub-Fund.

(d) Investment strategy

What is the investment strategy used to meet the environmental or social characteristics promoted by this financial product?

The Sub-Fund aims to provide investors attractive risk-adjusted returns by investing in loans, securities and other fixed income instruments in the primary and secondary debt markets.

The Sub-Fund will target transactions where the debt collateral is rated “B-” or higher by an External Credit Assessment Institutions (“ECAI”) and/or the Portfolio Manager, and which are insured by “A-” or higher rated insurance companies. The insured debt collateral may be composed of Emerging Market sovereign, sub-sovereign and State- Owned Enterprise (“SOE”) debt, infrastructure debt, structured finance debt, receivables, and other debt instruments.

The strategy can be implemented by way of direct acquisition of loans and insurance policies or other debt securities issued by one or several SPV(s). Where acquisitions are made in the form of debt securities issued by a special purpose vehicle, the transactions will be secured by the debt collateral and insurance policy. For clarification purposes: the Sub-Fund may not invest in shares or other equity participations in special purpose vehicles.

The proprietary Sustainability Risk category methodology will be adopted in the investment process, as described above. The Sub-Fund will only invest in transactions categorized in the Sustainability Risk category of 3 or lower (1 – 5 scale). The Sub-Fund is not allowed to invest in transactions that face high sustainability risk with Sustainability Risk category of 4 or 5.

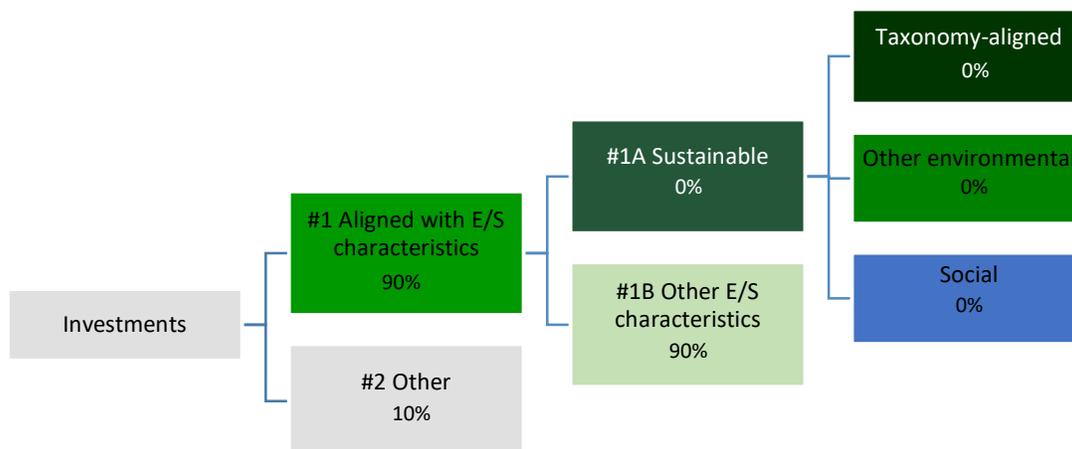
The Sub-Fund applies the exclusion criteria set by the Aegon AM NL Sustainability Risks and Impact Policy in Appendix 3, which is available at <https://www.aegonam.com/en/responsible-investing/>. This ESG criteria may change from time to time

This ‘best in class’ approach, combined with the exclusion criteria are the binding elements of the investment strategy used to attain the promoted the environmental or social characteristics promoted by the Sub-Fund

What is the policy to assess good governance practices of the investee companies, including with respect to sound management structures, employee relations, remuneration of staff and tax compliance?

The AIFM and the Portfolio Manager assess the good governance of the issuers to the extent that those issuers qualify as investee companies. The good governance practices of those issuers are assessed prior to making an investment and periodically thereafter through screenings implemented by the AIFM and the Portfolio Manager, focusing on governance indicators which are relevant for the specific asset class. The AIFM and the Portfolio Manager will require the investee company to apply such good governance standards on any underlying investments insofar as those investments may qualify as investee companies.

(e) Proportion of the investments



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

(f) Monitoring of environmental or social characteristics

How are the environmental or social characteristics promoted by the financial product and the sustainability indicators used to measure the attainment of each of those environmental or social characteristics promoted by the financial product monitored throughout the lifecycle of the financial product and the related internal or external control mechanisms?

The Manager continuously monitor the portfolio to ensure that it operates in accordance with the relevant investment objective and where appropriate, engage with the issuers in which the Fund invests by applying active ownership principles to improve ESG performance and corporate behaviour. Aegon AM follows the UK and Dutch Stewardship Codes and the Principles for Responsible Investment for such engagement. After engagement, the Aegon AM will review and report on the relevant issuer’s progress annually. Please refer to the Aegon AM Active Ownership Policy for further details on how Aegon AM implements its active ownership practices (available at www.aegonam.com).

(g) Methodologies

What are the methodologies to measure how the social or environmental characteristics promoted by the financial product are met?

The Manager uses a proprietary methodology to assign an ESG risk category to each investment. The ESG analysis will be carried out at the level of a country, insurance company and the underlying obligor. The governance analysis will be carried out at the level of a SPV who can qualify as an issuer, according to the Portfolio Manager’s proprietary methodology. These categories are then weighted to categorize each issue into one of five ESG risk categories, with 1 representing lowest ESG risk and 5 representing the highest. Only the lower ESG risk categories of 1, 2 and 3 are considered as eligible for an investment. For more details on the scores and category thresholds used please refer to the description of the Fund’s investment strategy below.

(h) Data source and processing

How are the data sources used to attain each of the environmental or social characteristics promoted by the financial product?

Due to the lack of ESG data relevant to these asset classes from specialist data providers, Aegon Asset Management teams work to obtain ESG information directly from the originators for use in our proprietary analysis processes. Portfolio managers engage with the issuers/originators to obtain data.

What measures are taken to ensure data quality?

Given the lack of accounting standards and, in turn, standardised data from data providers and issuers of this type of debt/transaction, a systematic assessment of data quality is challenging and occurs on a case by case basis by the portfolio managers in the context of the overall investment due diligence.

How is data processed?

Data is processed by the portfolio managers during their proprietary analysis. Data obtained from issuers is stored in internal locations with restricted access rights.

What proportion of the data is estimated?

Data obtained from public sources and data from originators may be estimated to some extent, however no systematic measures are available to establish whether such data has been estimated and how accurately.

(i) Limitations to methodologies and data

What are potential limitations to the methodologies or data sources and how do such limitation not affect how the environmental or social characteristics promoted by the financial product are met?

Limitations are tied to the data obtained directly from originators, its availability and accuracy.

(j) Due diligence

What due diligence is carried out on the underlying assets of the financial product (including the internal and external controls)?

Aegon AM follows an internal proprietary research process using the data obtained from originators on a case by case basis. ESG data obtained from originators is used as a basis and complement to a holistic analysis of the overall investment which also considers other types of data from other sources.

(k) Engagement policies

What is the engagement policy applied, in the case that engagement is part of the environmental or social investment strategy (including any management procedures applicable to sustainability-related controversies in investee companies)?

This Fund is subject to Aegon AM's Active Ownership Policy, which can be found at www.aegonam.com. For a description of procedures applicable to sustainability related controversies in investee companies for this Fund, we refer to the Sustainability Risks and Impact Policy as referred to in section (d) Investment strategy.

(l) Designated reference benchmark

Has an index been designated as a reference benchmark to meet the environmental or social characteristics promoted by the financial product?

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the financial product.

When fund has a designated reference benchmark

How is that index aligned with the environmental and social characteristics promoted by the financial product?

Not applicable.

What input data is used for the reference benchmark?

Not applicable.

Which methodologies are used to select the data in the reference benchmark?

Not applicable.

Which rebalancing methodologies are used for the reference benchmark?

Not applicable.

How is the reference benchmark calculated?

Not applicable.

If information is available on the website of the benchmark administrator, this is the hyperlink to the website:

Not applicable.

(m) Summary Translations



Samenvatting

Dit product promoot ecologische en sociale kenmerken door op continue basis bepaalde beleggingen die een belangrijk ongunstig effect hebben op duurzaamheidsfactoren actief uit te sluiten. In het kader van due diligence houdt het product rekening met de belangrijkste ongunstige effecten voor zover dergelijke gegevens beschikbaar zijn, en past maatregelen toe om ondernemingen waarin is belegd die geen praktijken op het gebied van goed bestuur hanteren, te screenen. Het grootste deel van de beleggingen in het product is afgestemd op de ecologische en sociale kenmerken. De beheerder gebruikt een grote verscheidenheid aan interne en externe gegevens uit verschillende bronnen als input voor zijn beslissingen.