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# Aegon Global Short Dated High Yield Climate Transition Bond Fund

Q3 2024

*The Aegon Global Short Dated High Yield Climate Transition Fund is designed to deliver attractive returns by investing in short-dated high yield bonds, while supporting environmental, social and governance (ESG) and climate transition goals. The fund incorporates proprietary ESG and climate research to invest in companies with carbon transition plans.*



**Thomas Hanson, CFA**

Head of Europe  
High Yield

## Why invest?

This innovative strategy pursues compelling returns while aligning investments with climate goals, capturing transition opportunities, and driving climate progress through engagement. Key benefits include:

- **Enhanced yield potential:** High yield exposure offers compelling yield and total return opportunities compared to other short-dated investment products.
- **Lower interest-rate risk:** The fund only invests in bonds with a final legal maturity of 5.5 years or less, resulting in a shorter duration profile, reducing sensitivity to interest-rate movements.
- **Compelling risk-adjusted returns:** Short-maturity bonds can exhibit greater resilience during market downturns, potentially delivering higher risk-adjusted returns than longer-dated bonds.
- **Enhanced ESG profile and climate transition alignment:** Integration of proprietary ESG and climate analysis enhances the overall sustainability profile while supporting the climate transition.

By combining the attractive yield and total return potential of high yield bonds with the defensive characteristics of a short-dated approach, this strategy offers investors competitive returns with lower interest rate risk. The explicit focus on climate transition investments allows investors to actively support companies driving positive environmental change while pursuing their investment objectives.

## Why Aegon Asset Management?

We are active, high conviction managers seeking to exploit market inefficiencies. Our disciplined process is focused on bottom-up, fundamental credit analysis complemented by a structured top-down process. The strategy invests across the global high yield market and aims to maximise returns.

<b>High-conviction selection</b>	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.
<b>Flexible, index-agnostic</b>	Index-agnostic, flexible approach aims to exploit opportunities across the global high yield market and avoid unintended constraints imposed by a benchmark.
<b>Differentiated climate product</b>	Supports investors' climate goals by using internal climate transition research to invest in companies with credible plans to transition towards a low-carbon economy.






**Mark Benbow**

Investment Manager,  
Fixed Income



## A global team with specialised research resources

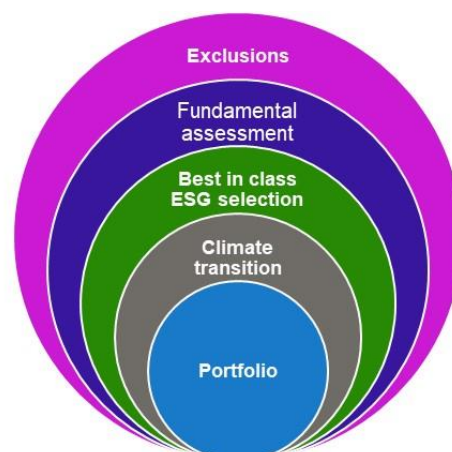
 <b>Portfolio management team</b>	 <b>Deep research expertise</b>	 <b>Global Responsible Investment team</b>
<p>Portfolio managers bring decades of industry experience and have managed high yield strategies together since 2019. They are supported by a global leveraged finance team.</p>	<p>Our global platform includes 40+ research analysts* focusing on high yield and distressed debt</p>	<p>20* dedicated responsible investment and climate specialists provide proprietary climate research, lead engagement, and develop ESG solutions.</p>

\*Source: Aegon AM, as at 30 September 2024.

## Comprehensive, multi-faceted investment approach

The fund pursues financial, ESG and climate goals through a multi-faceted process:

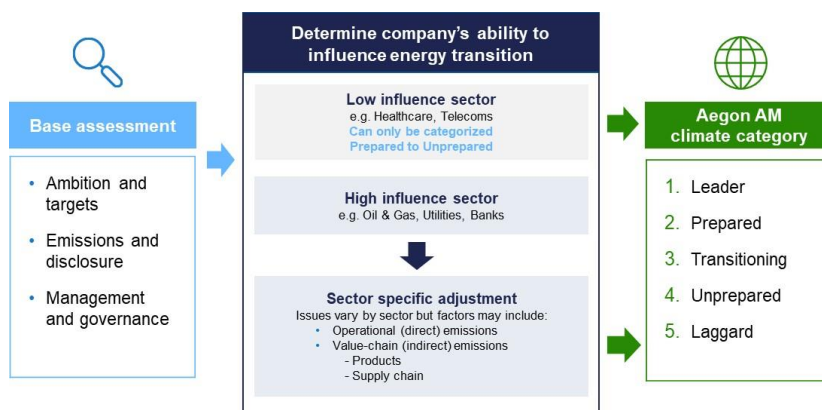
- **Exclusions:** Restrict investments with adverse environmental/social impact.
- **Fundamentals:** In-depth fundamental analysis to uncover attractive opportunities.
- **ESG integration:** Apply best-in-class ESG selection to improve ESG characteristics.
- **Climate transition:** Invest in companies with credible climate transition plans.
- **Engagement:** Actively engage companies to reduce ESG risk and encourage positive change.



## Differentiated climate transition research

Our proprietary framework evaluates issuers' net-zero alignment by assessing climate ambitions, performance, and risk management. Issuers are categorised based on their transition readiness, feeding into climate-related fund guidelines compatible with net-zero frameworks.

Climate related fund guidelines reflect a reasonable pace of transition and encompass issuers from all sectors. Guidelines are compatible with net-zero market frameworks such the Paris Aligned Investment Initiative and the Net-Zero Asset Owner Alliance.



## Best in class ESG approach

ESG analysis is integrated into our credit research process alongside financial metrics using our proprietary ESG framework. We apply best-in-class criteria, investing the significant majority of the fund in the top ESG categories while limiting higher ESG risk exposures.

## Fund details

<b>Inception</b>	14 June 2017
<b>Fund size</b>	£75m / USD \$101m (as at 30 September 2024)
<b>Objective</b>	Maximise total return (income + capital)
<b>Performance target</b>	SOFR +3% p.a. over rolling 3 years
<b>Investment focus</b>	<ul style="list-style-type: none"> <li>▪ Maturities of 5.5 years or less</li> <li>▪ Average duration of 0 – 3 years</li> <li>▪ Higher-quality focus (BB/Bs) with minimal exposure to CCC and below</li> <li>▪ High-conviction portfolio of 75 – 150 issuers</li> </ul>
<b>Investment universe</b>	<ul style="list-style-type: none"> <li>▪ High yield bonds 80-100%</li> <li>▪ Investment grade bonds 0-20%</li> <li>▪ Emerging market bonds 0-20%</li> </ul>
<b>ESG and climate criteria</b>	<ul style="list-style-type: none"> <li>▪ Best-in-class ESG criteria (90%+ ESG 1-3s, 10% limit on ESG 4, no ESG 5 investments)</li> <li>▪ Climate transition investments to align with net-zero goals</li> <li>▪ Carbon reduction target of at least 30% relative to the reference index</li> <li>▪ Enhanced exclusions to mitigate environmental/social adverse impacts</li> <li>▪ Active engagement with companies to pursue long-term value</li> </ul>
<b>Share classes</b>	USD (base) and GBP
<b>Fund structure</b>	Irish-domiciled, daily priced OEIC (UCITS structure) or segregated mandates
<b>SFDR categorisation</b>	Article 8

## About Aegon Asset Management

Aegon AM is an active global investor. Our 385<sup>^</sup> investment professionals manage and advise on assets of £270 billion<sup>^</sup> 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<sup>^</sup> 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.

<sup>^</sup>Source: Aegon AM as at 30 June 2024

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 Global Short Dated High Yield Climate Transition Fund invests predominantly in high yield (higher risk) bonds. The fund may also hold selected investment grade (lower risk) bonds and cash. Bonds will be issued by companies and governments worldwide and will have a maximum residual maturity of five and a half years. 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 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. 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 bonds become more difficult to trade or value due to market conditions or a lack of supply and demand. This risk increases where the Fund invests in high yield, off-benchmark or emerging market bonds.

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

## Important information

**For Professional Clients only and not to be distributed to or relied upon by retail clients.**

**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](http://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.

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

All data is sourced to Aegon Asset Management UK plc unless otherwise stated. The document is accurate at the time of writing but is subject to change without notice.

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