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Aegon Global Short Dated Climate Transition Fund

Q4 2024

The Aegon Global Short Dated Climate Transition Fund is a simple, liquid, and transparent short-dated bond portfolio. It embeds proprietary climate transition research to direct investments to companies that have robust, credible plans to transition towards a low carbon economy and therefore are better aligned with investors' net-zero goals. It adopts a best-in-class ESG approach to construct the portfolio with issuers who we have identified as having the best ESG categories, with the lowest ESG risks.



Iain Buckle
Head of UK Fixed
Income



Rory Sandilands
Investment Manager,
Credit

Key date

5.15% Yield to worst	2.52 years Modified duration	A- Quality average rating	94 Issuers	54% lower Portfolio carbon reduction versus index
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Source: Aegon AM as at 31 December 2024.

Why invest?




- 1. Excellent record of preserving capital.** Individual short-dated bonds are typically much more resilient to negative company-specific events than longer-dated bonds.
- 2. Less susceptible to fluctuating interest rates,** because they derive returns through credit risk rather than duration risk.
- 3.** The high frequency of bonds reaching maturity generates a **steady cash stream**, which can be paid-out as income or reinvested to take advantage of opportunities.
- 4.** Strongly aligned to investors' **net-zero goals**.
- 5.** Inherently **more liquid** than their long-dated equivalents.
- 6.** No material yield sacrifice for a **reduction in carbon intensity and climate risk**.

Why Aegon Asset Management?

It's part of our heritage	<ul style="list-style-type: none"> We have longstanding expertise from our dedicated short-dated, investment-grade credit and absolute return portfolios.
Experienced and deeply resourced team	<ul style="list-style-type: none"> Experienced portfolio management team with history of managing dedicated short-dated investment grade portfolios since 2017 and history of no credit defaults. Leveraging Aegon AM's global fixed income and credit research platform. Drawing upon 18-strong Global Responsible Investment team, including climate specialists.
Proven process	<ul style="list-style-type: none"> Philosophy and process built on strong fundamental credit analysis. Exploiting multiple sources of alpha to deliver strong risk-adjusted performance. ESG and climate transition analysis embedded into investment decision making.
Short dated experience	<ul style="list-style-type: none"> Strong long-term performance within investment-grade corporate bond and short-dated portfolios. Avoiding credit defaults - crucial for short-dated and buy to maturity portfolios. Can source short-dated bonds via well-established market relationships.
Cost-effective solution	<ul style="list-style-type: none"> Available through daily priced UCITS fund or segregated mandates.
Focus on delivering for our clients	<ul style="list-style-type: none"> Strong collaboration with clients and an opportunity to include fixed income as part of a diversified carbon reduction strategy.

A team-based approach

The Fund is managed by Iain Buckle and Rory Sandilands, with access to Aegon AM's deep global credit research platform and global fixed income and responsible investing team.

 <p>Portfolio management team</p>	 <p>Deep research expertise</p>	 <p>Global Responsible Investment team</p>
Experienced portfolio management team with history of managing dedicated short- dated investment grade portfolios since 2017 and history of no credit defaults.	Drawing upon 26-strong* global credit research team to access sector and geographical expertise including ESG analysis.	18-strong* responsible investment team including climate specialists. Providing specialist ESG and climate research, voting and engagement activities and ESG reporting.

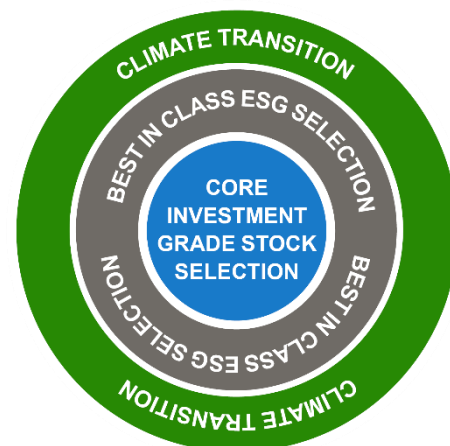
*as at 31 December 2024.

Investment approach targeting multiple sources of value

We are active, high-conviction managers who seek to exploit both long- and short-term market opportunities and inefficiencies. We target multiple alpha contributors, which can each take varying priorities at different stages of the market and economic cycles.

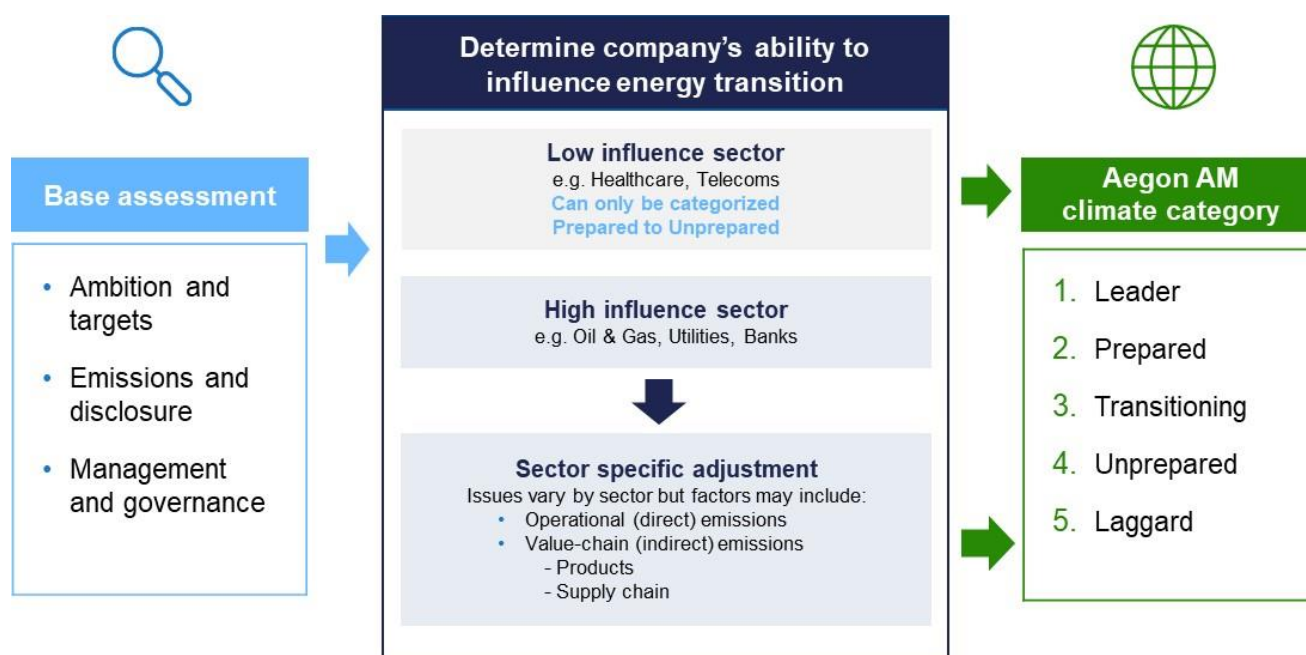
Our primary source of added value is through stock selection. Avoiding default risk is key and we favour companies with clearly visible credit profiles over the short-to-medium term. A major consideration is the ability to refinance upcoming maturities.

The Fund follows a fundamental, bottom-up investment research process, utilising the full strength, depth, and diversity of Aegon AM's global research platform, in which climate research, ESG analysis and company engagement are integral elements in assessing the investment potential of all issuers.



Assessing climate transition risk

To conduct our climate impact analysis our global responsible investment team have developed a proprietary climate transition research framework which focuses on the key elements required for transition to conclude and categorise an issuer's readiness and net-zero alignment.



Source: Aegon AM

Our climate transition analysis feeds through into climate related guidelines for the portfolio which have been set to reflect a reasonable pace of transition and encompass issuers from all sectors.

Guidelines have been designed to be compatible with emerging net-zero market frameworks such as those from 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 traditional financial metrics to assess an issuer's credit profile. Our proprietary ESG analysis incorporates qualitative and quantitative elements to determine and assess the potential materiality of the ESG issues and the impact on an issuer's credit fundamentals.

Materiality of ESG factors is ultimately defined according to the Investment Manager's proprietary ESG framework based on 1-5 categories.

We construct the Aegon Global Short Dated Climate Transition Fund in accordance with the following ESG guidelines:

- ≥ 90% of fund will carry an ESG category of 1,2 or 3
- Up to 10% of fund can be invested in issuers with ESG category 4
- We would not invest in an issuer with an ESG category of 5
- Unlimited exposure to ESG labelled bonds (Green, social, sustainability bonds)

ESG categories

#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 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 fundamentals, however limited impact on credit rating.
#5 Rating Risk	ESG factors have resulted in a material negative effect on fundamentals, that may or may not be currently reflected in its credit rating.

Fund details

Inception	4 March 2021
Fund size	£814 million (as at 31 December 2024)
Objective	Targeting cash (SONIA) +1.25% p.a. over rolling three-year periods (gross-of-fees)
Comparator benchmark	BofAML Global Large Cap Corporate 1-5 year index (GBP hedged).
Portfolio characteristics	<ul style="list-style-type: none"> ▪ Diversified global portfolio that minimises exposure to default and downgrade risk ▪ Solution to capture sustainable yield with low risk of default ▪ Minimise turnover and trading costs ▪ ESG and climate transition analysis integrated ▪ Low carbon intensity portfolio ▪ No active currency risk
Investment universe	<ul style="list-style-type: none"> ▪ Core of portfolio in investment-grade corporate bonds with less than four years to expected maturity ▪ Capped exposure to non-investment grade bonds ▪ Capped duration exposure
Investment guidelines	<ul style="list-style-type: none"> ▪ 100% invested in bonds with under four years to expected maturity ▪ 20% maximum in high yield, non-rated and callable bonds ▪ Duration ≤ 3 years ▪ Maximum 70% holding in BBB rated debt
Share classes	GBP, EUR (hedged), USD (hedged), CHF (hedged)
Fund structure	<ul style="list-style-type: none"> ▪ Irish-domiciled OEIC (UCITS structure) ▪ Accumulation share-class or quarterly income distribution
SFDR categorisation	The Fund is categorised as Article 8 under European Sustainable Finance Disclosure Regulations (SFDR)

About Aegon Asset Management

Aegon AM is an active global investor. Our 365[^] investment professionals manage and advise on assets of £274 billion[^] for a global client-base of pension schemes, public funds, insurance companies, banks, foundations, wealth managers and family offices. We are a global business with around 1,100[^] employees working from 14 locations across Europe, the Americas and Asia. We organise our investment capabilities around focused investment capabilities where we have deep asset-class expertise.

[^]Source: Aegon AM as at 31 December 2024

Investment policy

Invests predominantly in global investment grade (lower risk) bonds. The fund may also hold selected high yield (higher risk) bonds, contingent convertible (higher risk) bonds and cash. Bonds will be issued by companies and governments worldwide. A minimum of 80% of the Fund's net assets will be invested in investment grade bonds that have a residual maturity that does not exceed four years. The Fund is actively managed.

Risks

The main risks of the fund 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 Investors 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. 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.

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

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AdTrax: 6017341.7. Expiry: 30 September 2025.