aegon asset management

Month in Review
June 2025

AEGON **INSIGHTS**

The month in review

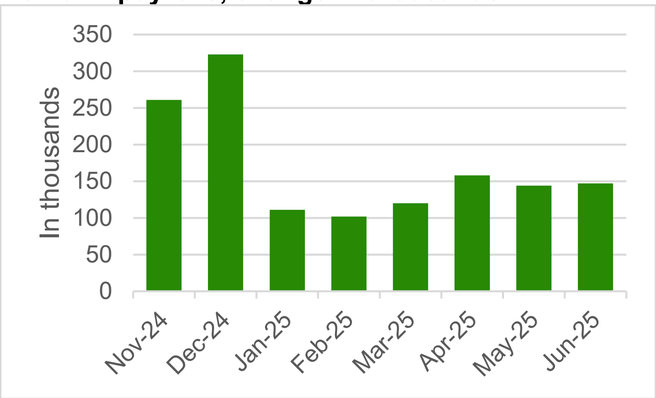
June 2025

Macro & Rates

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.

Nonfarm payrolls, change in thousands



Bureau of Labor Statistics, Moody's Analytics. Data as of July 2025.

Core Fixed Income

Fixed income markets held firm in June ahead of the next round of tariff deadlines which were previously scheduled for July 9.

Treasury yields fell steadily during the month, with the 2-year yield ending at 3.72%, down 18 basis points (bps). Futures markets reflected an expectation for incrementally more Federal Reserve interest-rate cuts in 2025, from two at the start of the month to slightly fewer than three by month-end.

Credit markets proved resilient as spreads continued to retrace the widening in February through April. The Bloomberg US Credit Index closed June with an OAS of 79 bps, 4 bps lower on the month. Spreads were confined to a relatively narrow band of 79 to 84 bps OAS in June. The index's YTW finished the month at 4.93%, 22 bps lower and its lowest level since October 2024. Investment grade corporate supply was relatively heavy in June, totaling $116 billion, and pushing year-to-date gross issuance 5% heavier than 2024's pace through the halfway point.

Equities

The major US indices remained resilient over what was a busy month of heightened geopolitical tensions, with all of the major indices on the following page delivering solid gains amid ongoing global tariff developments and escalating unrest in the Middle East.

June saw the US and China continue to de-escalate in trade rhetoric, with markets reacting positively to the US announcing a framework for a trade deal that would see the lowering of tariffs and easing of other restrictions. This positive development was temporarily offset by a worrying escalation in the Middle East.

Overall, it was the tech-heavy Nasdaq which led returns among the major indices during the month, driven by renewed investor enthusiasm for the "Magnificent Seven" cohort and a strong rebound in artificial intelligence (AI)-related stocks following what had been a weaker start to the year. The small-cap focused Russell 2000 followed closely behind. The broader S&P 500 also delivered strong gains, with information technology and communication services among the top-performing sectors. In contrast, consumer staples was the only sector in the red over the period.

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.

This material is to be used for institutional investors and not for any other purpose. The enclosed information has been developed internally and/or obtained from sources believed to be reliable. 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.

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.

Aegon Asset Management US is a US-based SEC registered investment adviser. Aegon Asset Management US is part of Aegon Asset Management, the global investment management brand of the Aegon Ltd.

Individual accounts may vary based on restrictions, substitutions, cash flows, and other factors. The mention of specific securities illustrates application of the firm's investment approach only and is not to be considered a recommendation by the firm. Specific securities identified and described do not represent all securities purchased or sold for the portfolio, and it should not be assumed that investment in these securities were or will be profitable, or that investment recommendations or decisions that the firm makes in the future will be profitable. Portfolio holdings are subject to change daily. There can be no assurance that securities purchased remain in the portfolio or that securities sold have not been repurchased.

Adtrax: 5495912.110 | Exp date: 6/30/2026

Contact us: aegonam.com