For professional investors only. This is a marketing communication.

# Aegon Investment Grade Global Bond Fund

Q3 2024

***The Aegon Investment Grade Global Bond Fund is a high-conviction portfolio that relies on a research-intensive process with an emphasis on deep, fundamental credit analysis. We blend our strong bottom-up credit selection capabilities with top-down views and credit risk positioning to generate solid risk-adjusted returns to outperform the Bloomberg Global Aggregate Corporate index through market cycles.***

We are active investors. Employing a dynamic approach, we have the flexibility to use multiple potential sources of alpha including tactical duration and credit risk management; relative value credit opportunities and bottom-up security selection to generate a diverse portfolio of our best global ideas.

| | | | |
|---|---|---|---|
| **Investment Grade at core of Aegon AM's longstanding Fixed Income expertise** | **High conviction, concentrated global portfolio vs index and peers** | **Flexible alpha sources to outperform through cycle** | **Time-tested track record since 2007 inception[1]** |

[1]Source: Lipper as at 30 September 2024. Aegon Investment Grade Global Bond Fund B USD Inc against Lipper Global Bond Global Corporate sector and Bloomberg Barclays Capital Global Aggregate Corporate Index USD Hedged. Inception is 8 November 2007

**Rory Sandilands**
Investment Manager, Credit

**Alexander Pelteshki, CFA**
Investment Manager, Fixed Income

**Kenneth Ward**
Investment Manager, Fixed Income

## Why Investment Grade now?

- **Investment Grade corporates are typically well-equipped to withstand a variety of different market conditions**, from a prolonged economic slowdown to a faster-than expected return to growth.
- **Supportive turn in rates cycle** after a period of significant volatility, with the correlation between rates volatility and credit spreads de-coupling.
- **Credit fundamentals past their peak, but remain robust.** Whilst leverage has increased, interest cover remains strong and investment grade credit defaults are still expected to be very rare.
- **Attractive opportunity for yield-buyers and compelling total return expectations** with global corporate bond yields remaining historically attractive.
- **Winners and losers will emerge** from continued economic and geopolitical uncertainty – an **active approach is key** to identifying opportunities and managing downside risk.

aegon asset management

## Key data

| | Yield to worst | Modified Duration | Credit quality | # Holdings | # issuers | Fund Size |
|---|---|---|---|---|---|---|
| **Fund** | 4.89% | 5.81 years | A- | 163 | 146 | $306m |
| **Benchmark** | 4.76% | 6.14 years | A- | 16,714 | 2,976 | |

Source: Aegon AM as at 30 September 2024.

## Our approach - Why Aegon Asset Management for global credit?

**Active, high-conviction approach**

Emphasis on deep, fundamental credit analysis to build a high-conviction portfolio of best ideas. Approach aims to maximise the opportunity set and avoid unintended constraints imposed by hugging an index.

⇒ Portfolio holdings typically c100-150 bonds

⇒ Concentrated portfolio vs index of >16,000 bonds; and Global IG sector average of c300-400*

**Flexible approach**

Actively managed, flexible portfolio aiming to capture multiple alpha sources, which each take varying priorities at different stages of the market and economic cycles.

⇒ Attribution reinforces that bottom-up credit selection is the most dominant long-term driver

⇒ Additional sources add value at crucial inflection points

**A truly global strategy**

Holistic approach investing in opportunities predominately across $US, Euro and GBP credit markets – One global portfolio, no regional sleeves.

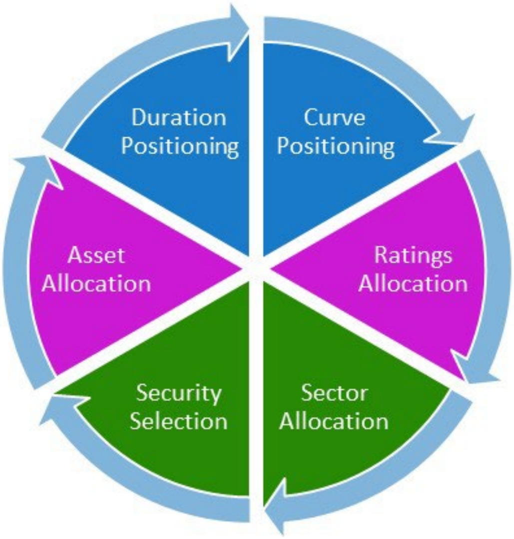
⇒ Ability to generate alpha from cross currency opportunities

⇒ Results in globally diverse portfolio across issuer, country, ratings and capital structure

*Source: Morningstar Direct as at 31 December 2023. Peer funds include all funds in Lipper Global Bond sector. Full list available on request.

We blend our strong bottom-up credit selection capabilities with top-down views and credit risk positioning to generate solid risk-adjusted returns positioned to outperform through market cycles. We target six principal sources of alpha within fixed income markets (see diagram below).

**Multiple sources of fixed income alpha**




**Key performance drivers - investment grade**

Tactical duration and credit risk

High-conviction security

Credit relative value

We do not allow one source of risk to dominate our portfolios. The relative importance of each source varies depending on where we are in the economic and market cycle. This enables us to outperform through changing market conditions and provides some resilience during periods of market stress.

The expected percentage of each source of alpha for this strategy over a rolling three-year period is **70% bottom up** and **30% top down**.

**Bottom up:** Security selection is one of the key performance drivers. We seek to add value from positive security selection (identifying undervalued companies' bonds) and negative stock selection (avoiding credit blow-ups), drawing upon deep, fundamental analysis conducted by our dedicated credit research team. This is evidenced by our concentrated portfolio.

**Top down:** The most significant driver is the active management of interest rate risk. We consider the size and direction of the active headline duration position. We also determine the geographic composition of this interest rate risk. Active asset allocation decisions centre on use of the fund's off-benchmark flexibility, particularly valuable at market inflection points. We can also flex the credit market risk (or beta) in the fund, by adapting credit ratings and subordinated debt exposure.

## Our team – Global resources, local decision making

The Fund is managed by Euan McNeil and Kenneth Ward, with access to Aegon AM's deep global credit research platform and global fixed income and responsible investing teams. Euan has been involved in the fund's management since inception in 2007, and formally as Co-Manager since 2009. Kenneth has focused on global and sterling investment grade portfolios since 2014 and was named as Co-Manager in 2019.

| Portfolio management team | Deep research expertise | Global Responsible Investment team |
|---|---|---|
| Highly experienced UK based investment grade portfolio management team, managing active IG portfolios since early 2000's and with over 20 years average industry experience in fixed income markets. | Drawing upon 26-strong* global credit research team to access issuer, sector and geographical expertise. The Portfolio Managers also draw upon dedicated sovereign and EMD teams as well as Investment Grade PMs located in US and Europe. | Team of 20 responsible investment specialists*. Providing specialist ESG and climate research, engagement activities and advisory services. |

*Source: Aegon Asset Management as at 30 September 2024.

## Fund details

| | |
|---|---|
| **Objective** | The investment objective is to outperform the Bloomberg Global Aggregate Corporate Index over rolling 36 month period. |

**Typical portfolio characteristics**

| | |
|---|---|
| Number of issues | Typically 100 – 150 bonds |
| Ratings limits | Below BBBs: Max 20% |
| Typical active position size[1] | 0.5% to 1.5% |

**Investment universe**

| Role | Security type | Investment guidelines | Average weighting[1] |
|---|---|---|---|
| Primary | Investment Grade corporates | 67-100% | 89.7% |
| Opportunistic | High Yield corporate bonds[2] | 0-20% | 5.4% |
| | Government Bonds | 0-33% | 0.7% |
| | Cash & cash equivalents | 0-20% | 4.2% |

[1] Average weighting for last 5 years to 31 December 2023
[2] High Yield allocation typically used to invest in subordinated debt and corporate hybrid debt, rather than high yield issuers.

| | |
|---|---|
| **Share classes** | USD (base currency); GBP; EUR. |
| **Fund structure** | Irish-domiciled, daily priced OEIC (UCITS structure) or segregated mandates |
| **ESG approach** | EU SFDR Article 8 classification<br>ESG integration; ESG investment criteria; Exclusions; Engagement |

## About Aegon Asset Management

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

^Source: Aegon AM as at 30 June 2024

## Investment policy

The Fund invests primarily in investment grade (lower risk) bonds issued by companies and governments worldwide. The Fund may also invest in:

- Cash, deposits and money market instruments (a form of debt security).
- Up to 20% in high yield (higher risk) bonds issued by companies and governments.

Within the limits set out above, the Fund has discretion in its choice of investments and is not restricted by market sector. It may also hold a limited range of other investments and it is not constrained by any benchmark or index. The Fund is actively managed. The Fund may use investment techniques to manage risks and costs. These techniques include 'hedging' (using derivatives to reduce the risk associated with: (i) making investments in other currencies: or (ii) interest rates changing). 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 following risks are relevant to the Fund:

**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. 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 bonds.

Full details of risks are disclosed in the 'Risk Factors' section of the Fund Supplement to the 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 following legal documents of the UCITS before making any final investment decisions. For UK investors: please refer to the Prospectus and the UCITS KIID. For EU investors: please refer to the Prospectus and the PRIIPs KID. 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.

Opinions and/or example trades/securities represent our understanding of markets both current and historical and are used to promote Aegon Asset Management's investment management capabilities: they are not investment recommendations, research or advice. Sources used are deemed reliable by Aegon Asset Management at the time of writing. Please note that this marketing is not prepared in accordance with legal requirements designed to promote the independence of investment research, and is not subject to any prohibition on dealing by Aegon Asset Management or its employees ahead of its publication.

All data is sourced to Aegon Asset Management (a trade name of Aegon Investment Management B.V.) unless otherwise stated. The document is accurate at the time of writing but is subject to change without notice.

Data attributed to a third party ("3rd Party Data") is proprietary to that third party and/or other suppliers (the "Data Owner") and is used by Aegon Investment Management B.V. under license. 3rd Party Data: (i) may not be copied or distributed; and (ii) is not warranted to be accurate, complete or timely. None of the Data Owner, Aegon Investment Management B.V. or any other person connected to, or from whom Aegon Investment Management B.V. sources, 3rd Party Data is liable for any losses or liabilities arising from use of 3rd Party Data.

Aegon Asset Management Investment Company (Ireland) Plc (AAMICI) is an umbrella type open-ended investment company which is authorised and regulated by the Central Bank of Ireland. Aegon Investment Management B.V (Aegon AM NL) is the appointed management company. Aegon AM NL (Chamber of Commerce number: 27075825) is registered with and supervised by the Dutch Authority for Financial Markets (AFM). Aegon AM NL's German branch markets AAMICI in Germany, Austria and Switzerland, is registered with and supervised by the AFM and supervised by BaFin in Germany. Aegon AM NL's branch in Spain markets AAMICI in Spain, Italy and Switzerland. Aegon AM NL's Spanish branch is registered with and supervised by the AFM and is supervised by the CNMV in Spain. For Switzerland, AAMICI is a UCITS which is authorised for distribution by FINMA as a Foreign Collective Investment Scheme. The Disclosures are available from www.aegonam.com or from the Representative and Paying Agent in Switzerland, CACEIS (SA) Switzerland, Chemin de Precossy 7-9, CH-1260 Nyon / VD, Suisse, Phone: +41 22 360 94 00, Fax: +41 22 360 94 60]Please note that not all sub-funds and share classes may be available in each jurisdiction. This content is marketing and does not constitute an offer or solicitation to buy any fund(s) mentioned. No promotion or offer is intended other than where the fund(s) is/are authorized for distribution.

Please visit https://www.aegonam.com/en/contact/ for an English summary of investor rights and more information on access to collective redress mechanisms.

AdTrax: 6496384.4. | Expiry: 31 October 2025

aegon
asset management