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Head of Europe High Yield



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Investment Manager



The Aegon High Yield Bond Fund is a high-conviction portfolio that relies on a bottom-up approach with an emphasis on deep, fundamental credit analysis. The investment approach is dynamic and nimble, seeking to invest primarily in high yield corporate bonds across the global high yield market. We are active, high conviction managers that focus on investing in our best ideas using a flexible mandate and index-agnostic approach to exploit market opportunities.

High Conviction, Flexible Strategy	Emphasis on Best Ideas 90 – 140 Holdings	Time-Tested Track Record Inception 2002	Global High Yield AuM USD 1.8bn*
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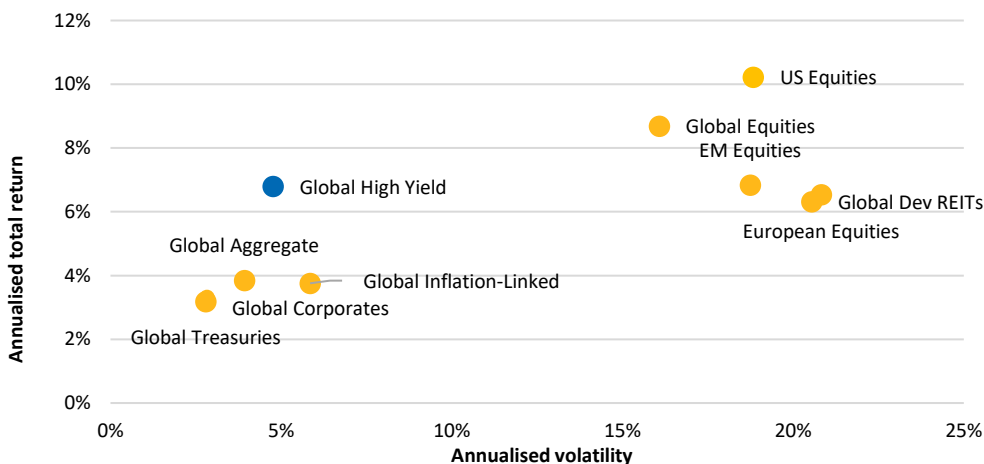
\*Source: Aegon Asset Management, 31 March 2024.

## Why invest in high yield bonds?

High yield bonds offer evergreen appeal with attractive income and risk-adjusted returns, low interest-rate sensitivity and strong diversification benefits. In our view, high yield bonds exhibit compelling characteristics compared to many other parts of the fixed income market and can play a key role within client portfolios.

- Attractive income:** Enhanced income potential due to their healthy spreads over government bonds.
- Enhanced risk-adjusted returns:** Equity-like returns, but with significantly lower volatility, offering investors compelling risk-adjusted returns potential relative to other fixed income assets.
- Lower interest-rate risk:** A shorter duration profile than many other fixed income assets. This can help investors to reduce interest-rate sensitivity and dampen the effects of rising rates.
- Diversification benefits:** High yield bonds have historically had low or negative correlations to other fixed income assets and equities, helping investors to diversify their portfolios.




## 20 Year Asset Class Risk versus Return Profiles\*\*



\*\*Source: Bloomberg, MSCI and S&P. Reflects annualized total return and standard deviation (volatility) over a 20-year period to 31 March 2024. Based on daily returns hedged to USD. Includes the following indices: Bloomberg Global High Yield TR for 'Global High Yield'; Bloomberg Global Aggregate TR for 'Global Aggregate'; Bloomberg Global Aggregate Corporates TR for 'Global Corporates'; Bloomberg Global Inflation Linked TR for 'Global Inflation Linked'; Bloomberg Global Treasury TR for 'Global Treasury'; MSCI World TR for 'Global Equities'; MSCI Emerging Markets Total Return USD for 'EM Equities'; MSCI Europe TR for 'European Equities'; MSCI USA TR for 'US Equities'; and S&P Developed REIT TR USD for 'Global Dev. REITs'.

### Why Aegon AM? High-conviction, flexible style has delivered results

Our investment approach is dynamic and nimble. We are active, high conviction managers seeking to exploit market opportunities and inefficiencies. Our disciplined process is bottom-up focused, with an emphasis on deep, fundamental credit analysis complemented by a structured top-down process. The strategy invests across the global high yield market and aims to maximise total return while also generating strong risk-adjusted returns.

	<p><b>High-conviction selection</b></p>	<p>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.</p>
	<p><b>Flexible, index-agnostic approach</b></p>	<p>Index-agnostic, flexible approach aims to maximise the opportunity set and avoids unintended constraints imposed by a benchmark.</p>
	<p><b>A truly global strategy</b></p>	<p>We exploit opportunities across the global high yield market as we combine global perspectives with local insights.</p>

### A global team with specialised research resources

The strategy is managed by **Thomas Hanson, CFA**, Head of Europe High Yield, and **Mark Benbow**, Investment Manager. Both portfolio managers bring deep investing expertise and decades of prior industry experience. Our portfolio managers draw upon the expertise of over 162 investment professionals across the global fixed income platform, including dedicated high yield, distressed and emerging market research analysts.

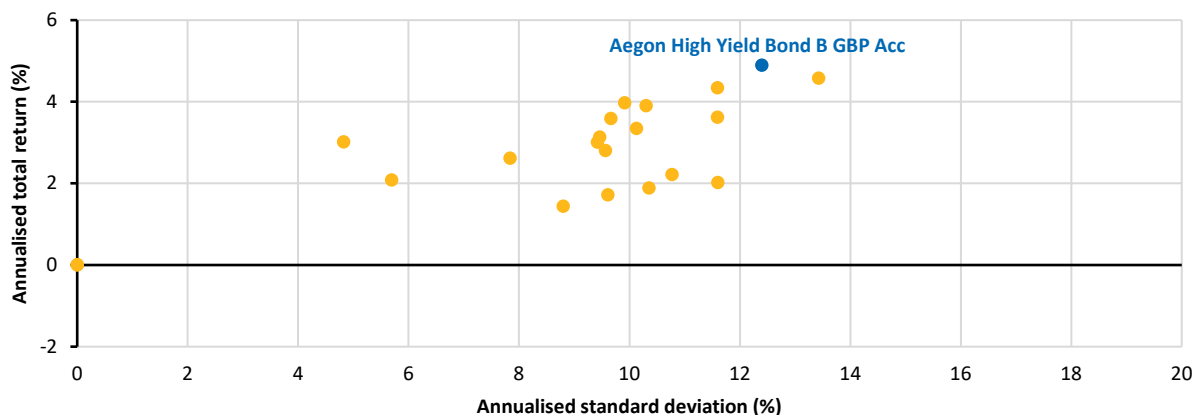
Global leveraged finance team	Focused high yield credit research	Specialised distressed research
<p>Access insights from investment professionals on a global leveraged finance team</p>	<p>In-depth fundamental research provided by dedicated high yield credit analysts on a global platform</p>	<p>Differentiated distressed research team helps mitigate risk and uncover in lower-quality credit</p>

### Risk-aware approach to pursue enhanced outcomes

Maintaining investment discipline is central to our style. Using a risk-focused mindset, we take sufficient, but not excessive, investment risk as we pursue performance targets while staying within risk tolerances. We actively manage the fund's risk profile to pursue upside potential and minimize downside risk in an effort to deliver competitive risk-adjusted returns throughout cycles. The results of our risk-focused approach are evidenced in the chart below.

#### Risk vs. Return – Trailing 5 Years

Aegon High Yield Bond Fund vs. Investment Association £ High Yield sector



Source: Lipper. 5 years to 31 March 2024. NAV to NAV, noon prices, income reinvested, net of ongoing charges, excluding entry or exit charges. Volatility is measured by annualised daily standard deviation.

### Why high yield now?

The high yield market continues to provide compelling opportunities now based on the high income, attractive yields and compelling long-term return potential. However, slowing economic conditions and the lingering effects of higher rates create headwinds for companies. Although most companies are starting from a position of strength, this environment warrants careful selection, while also creating a ripe environment for active managers to generate differentiated performance.

<b>High income opportunities</b>	As rates have shifted higher, the coupons available on new bond issues and refinanced debt have continued to climb higher, offering investors income opportunities rarely seen in recent years.
<b>Elevated yields around 8%, attractive breakeven</b>	Although spreads are tight, the asset class continues to offer high yielding opportunities. With the starting index yield around 8% <sup>†</sup> , we think high yield bonds look interesting for long-term investors. High yield bonds also offer an enhanced breakeven (yield/duration), which can help cushion against volatility. Related article: <a href="#">Fixed Income Opportunities: Evaluating Spreads vs. Yields</a> .
<b>Compelling long-term return potential</b>	The structural case for high yield remains in-tact with equity-like returns and lower volatility over longer periods, providing an attractive risk-return profile.

<sup>†</sup>Source: Bloomberg as at 31 March 2024. ICE BofA Global High Yield Constrained Index.

### Fund details

<b>Inception</b>	22 March 2002		
<b>Fund size</b>	£669 million (as at 31 March 2024)		
<b>Objective</b>	The investment objective is to provide a combination of income and capital growth over any seven year period.		
<b>Sector</b>	Investment Association £ High Yield Bond		
<b>Comparator benchmark</b>	Investment Association £ High Yield Bond Sector		
<b>Reference benchmark</b>	ICE BofA Global High Yield Constrained Index		
<b>Typical portfolio characteristics</b>	Number of issues	90 – 140 issues	
	Ratings limits	BBBs: Max 20% CCC & Below: Max 20%	
	Typical position size	0.50% - 3.0%	
<b>Investment universe</b>	<b>Role</b>	<b>Security type</b>	<b>Strategy weightings<sup>1</sup></b>
	Primary	High yield corporate bonds	80-100%
	Opportunistic	Investment grade corporate bonds	0-20%
		Emerging market debt	0-20%
		Cash & cash equivalents	0-20%
	<sup>1</sup> General range of weightings under normal market conditions.		
<b>Share classes</b>	GBP		
<b>Fund structure</b>	UK-domiciled, daily priced OEIC (UCITS structure) or segregated mandates		
<b>ESG approach</b>	ESG integration; Internal ESG research; Exclusions; Engagement		

## About Aegon Asset Management

Aegon AM is an active global investor. Our 385<sup>^</sup> investment professionals manage and advise on assets of £264 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 over 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 31 March 2024. <sup>^^</sup>Source: Aegon AM, as at 31 December 2023.

## Important information

**For Professional Clients only and not to be distributed to or relied upon by retail clients. The principal risk of this product is the loss of capital. Please refer to the KIID and/or prospectus or offering documents for details of all relevant risks. For all documents please see [www.aegonam.com/documents](http://www.aegonam.com/documents).**

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 capital, increasing distributions but constraining capital growth.

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Performance comparator: Investment Association Sterling High Yield Bond Sector. Investors are invited to compare the Fund's performance against the performance of other funds within this Sector. Comparison of the Fund against this Sector will give investors an indication of how the Fund is performing compared with Funds investing in a similar but not identical investment universe. The comparison should be performed over at least a 7 year period to provide the most useful long term comparison.

Aegon Asset Management UK plc is authorised and regulated by the Financial Conduct Authority.

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