

ESG Report

Aegon European ABS Fund

As of 31 December 2024

This is a marketing communication.



ESG reporting overview

At Aegon Asset Management we are active and responsible investors. We believe that responsible investment helps us to identify opportunities, manage risks and contribute positively to sustainable capital markets – all while meeting growing client expectations for ESG. The analysis of environmental, social and governance issues is central to our investment processes. With respect to asset-backed securities, we systematically integrate ESG considerations into our analysis of ABS transactions, where it sits alongside fundamental credit-risk analysis, valuation assessments and technical analysis. This provides an independent and comprehensive view of the investment. This ESG report includes three primary components:

- **ESG integration and characteristics:** Overview of our approach to ESG integration and summary of the portfolio's ESG profile based on our proprietary ESG methodology.
- **Active ownership activities:** Overview of engagement within the portfolio.
- **Carbon footprint:** Summary of the portfolio's carbon footprint including carbon impact metrics and intensity of holdings.

This report was prepared for the European ABS Fund on the portfolio as of 31 December 2024.

ESG integration and characteristics

Aegon Asset Management's ABS team performs the ESG analysis of ABS by evaluating collateral data, engaging with ABS originators, and assessing the transaction structure and the country of the collateral. The analysis eventually results in an ESG category score for each specific ABS transaction we assess. This ESG assessment consists of three pillars:

Collateral	Originator	Country
Evaluation of ESG factors embedded in the collateral, such as energy-efficient housing or social aspects of residential mortgages.	Assessment of ESG factors at the level of the originator, stemming from origination and servicing practices, products, and data handling.	Assessment of ESG factors at the country level, including the policy, legal and regulatory framework.

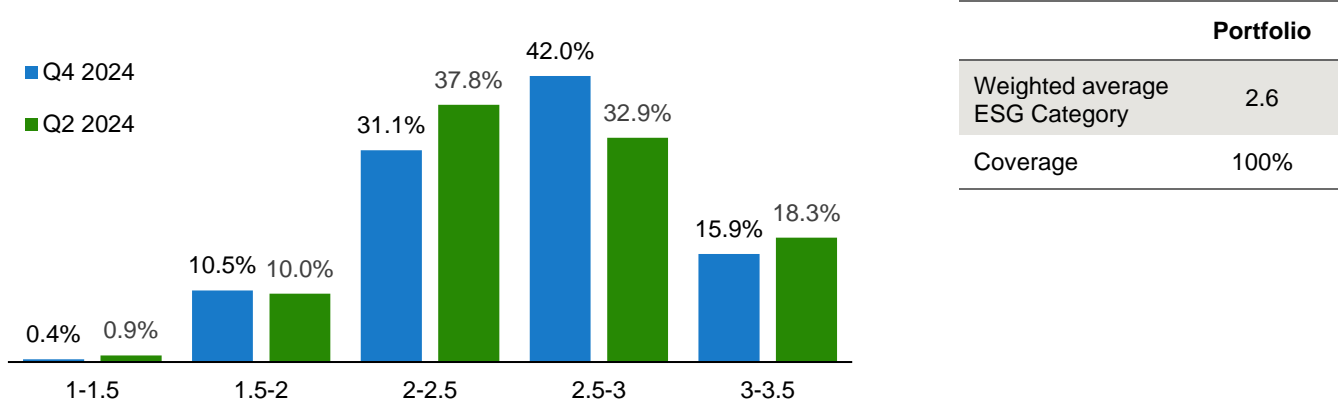
Each of these three assessments leads to an ESG risk category on a scale of 1 to 5, ranging from the highest to the poorest ESG standards. The risk categories for all pillars have different weights, leading to a final weighted average score on the transaction level. For our ABS funds, we do not invest in bonds with an overall ESG score in the categories with poor ESG standards (4 or 5).

Fund Objective

The Fund primarily invests directly or indirectly in asset-backed securities listed in euros or converted to euros, distributed over different issuers, collaterals, sectors and countries. The Fund invests primarily in RMBS (Residential Mortgage Backed Securities), CMBS (Commercial Mortgage Backed Securities), Consumer Loans, Car Loans, Credit Card loans, Whole Business (repackaging of companies / company divisions) and other asset-backed securities. The investment process is focused on the addition of value by means of an active selection policy for issuers, collaterals, sectors and countries.

ESG Category Allocation of Fund

Please note that all information is provided for informational purposes and the reader should not assume that investments in the securities identified and discussed were or will be profitable.



Source: Aegon AM. Values as of reporting date. Includes ABS holdings only. Excludes cash and cash equivalents. ESG Categories are based on a scale of 1 to 5 where: 1: Leader; 2: Minimal risk; 3: Event risk; 4: Fundamental risk; 5: Rating risk. In the fund we exclude anything that is scored 4 or below.

Top and bottom five ESG holdings

Name	Originator / manager	ABS sector	ESG category	Portfolio Weight
Top 5 Holdings				
STORM 2023-GRN A	Obvion N.V.	RMBS	1	0.14%
STORM 2024-GRN A	Obvion N.V.	RMBS	2	0.27%
GDNRY 1 A2	Enpal B.V.	Other ABS	2	0.24%
GDNRY 1 B	Enpal B.V.	Other ABS	2	0.03%
STORM 2022-GRN A	Obvion N.V.	RMBS	2	0.14%
Bottom 5 Holdings				
HAYEM 10X DR	Hayfin Capital Management	CLO	3	0.10%
HAYEM 10X CR	Hayfin Capital Management	CLO	3	0.10%
LMS 1 B	Infinity Mortgages and Unity Home Loans	RMBS	3	0.01%
HAYEM 7X D	Hayfin Capital Management	CLO	3	0.06%
BBVCA 2018-1 C	BBVA	Auto ABS	3	0.43%

Source: Aegon AM. Values as of reporting date. Includes top and bottom five ABS holdings based on ESG categories and portfolio market value weight. All information is provided for informational purposes only and the reader should not assume that investments in the securities identified and discussed were or will be profitable.

Engagement

Before investing in an ABS transaction, the investment team actively engages with relevant transaction parties in ABS, CLOs, CMBS and RMBS. Relevant transaction parties are the seller, sponsors, originator, CLO manager and the servicer and other transaction parties.

Based on our Securitization ESG materiality matrix we have created customized ESG questionnaires for each sector, used in our engagement process. The results of the questionnaires are an important input for our ESG analysis of the originator, collateral, and structure risk. The ESG score of the specific transaction is again based on this ESG analysis.

Furthermore, engagement with the relevant transaction parties can provide opportunities to highlight ESG risks, inform the relevant parties on sustainability concerns, promote growth in sustainable business lines or advocate for changes in transaction structures that align with responsible investment standards. We classify our engagements as follows:

ESG general disclosure	Where we are seeking additional information from the relevant transaction parties on practices or products to make our own proprietary ESG assessment of a certain issuer.
Driving change	If our own proprietary ESG assessment raises ESG-specific concerns, we would seek specific performance improvements in a certain area (Environmental, Social or Governance), then we will classify the engagements by the specific topic.

We track engagements with a milestone-based approach:

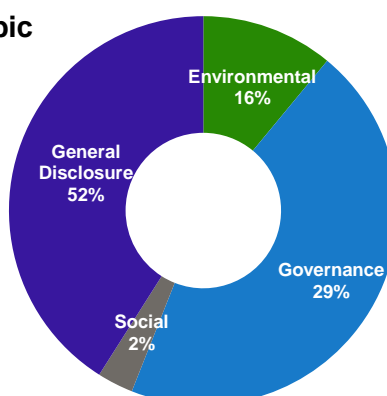
Milestone 1	We contacted relevant transaction parties and started the dialogue with the companies and sent the ESG sector-specific questionnaire.
Milestone 2	We received an adequate response on our questions and concerns.
Milestone 3	If needed, we engaged in further dialogue on specific concerns.
Milestone 4	The relevant transaction party responded adequately to our concerns and took relevant actions. This is the concluding step of Driving change.
No further action required	If we obtained satisfactory responses from the relevant transaction parties on our ESG-related questions and concerns, there is no further action required and we can conclude our engagement. This is the concluding step of ESG General disclosure.

Engagement activity

In the one-year period ending 31 December 2024, we engaged with 94 issuers in the portfolios for 115 engagements. Below we break this down by milestone and topic.

By milestone	Engagements
Milestone 1	4
Milestone 2	0
Milestone 3	17
Milestone 4	21
No further action required	73

By Topic



Source: Aegon AM. Includes engagement activity for issuers held in this portfolio during the one-year period ending 31 December 2024. Issuers may be engaged more than once over the same period and on one more than one topic.

Engagement Case Studies

Case studies regarding Aegon Asset Management engagement activities can be found in our 'Responsible Investment Report', which is available on our website at www.aegonam.com/responsible.

Carbon Footprint

Climate change poses an imminent and widespread threat to the sustainability of our planet. To help our clients understand the environmental impact of their investments, we analyze and disclose not only the estimated carbon footprint of the portfolio but also other climate metrics that provide valuable insights.

Carbon footprint	Total carbon emissions for the fund normalized by the market value (in EUR millions) of the portfolio.
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Carbon footprint metrics of the ABS holdings

Metric	Unit	European ABS Fund	Fund coverage
Carbon footprint	tCO2e / EUR million invested	54	100%

Source: Aegon AM. Values as of reporting date. Climate metrics calculated in line with Partnership for Carbon Accounting Financials (PCAF) and Taskforce for Climate-related Financial Disclosures (TCFD) recommendations. The relative intensity has been adjusted to account for variance in coverage. Climate change data availability may change over time and characteristics will vary. Certain information ©2024 Bloomberg Finance L.P. reproduced with permission. Not for further distribution.

Investment policy and risks

Investment Policy

This fund is actively managed. The Fund will seek to achieve its investment objective by investing at least 70% of its net assets in asset-backed securities. Asset-backed securities are a type of debt security such as bonds or notes whose value and income payments are derived from an underlying pool of assets held by the issuer. The underlying pool of assets is referred to as 'collateral'. The Fund may hold bonds and notes with various types of collateral, but some examples include residential mortgages, commercial mortgages, consumer loans, car loans, credit card loans, student loans and corporate loans, such bonds will not embed any leverage.

The Fund will invest at least 70% of its net assets in bonds with a credit rating which is deemed to be 'investment grade', defined as meeting one or more of the following rating criteria: Baa3 or higher by Moody's Investor Services (Moody's); BBB- or higher by Standard & Poor's Rating Services (S&P) or Fitch Ratings Inc (Fitch).

The Fund will invest predominantly in bonds or notes issued by issuers located within Europe, but may also invest in bonds or notes issued by issuers located outside Europe.

The Fund will invest in assets denominated both in Euros and in other currencies. Where non-Euro denominated assets are held, the Investment Manager will seek to hedge the associated currency risk back to Euros.

The benchmarks of this fund are Bloomberg Barclays Capital Euro Asset Backed Securities Floating Rate Note Composite Index and the Bloomberg Barclays Capital Euro Asset Backed Securities Fixed Coupon Composite Index.

The Fund's (cash) benchmark is used as a reference to measure the Fund's performance.

Risks

The main risks are:

Credit Risk: The Fund is subject to credit risk in respect to its investments and with regard to its contractual counterparties (such as hedge providers).

Liquidity Risk: The secondary market for sub-investment grade bonds is typically much less liquid than the market for investment grade bonds, frequently with significantly more volatile prices and larger spreads between bid and asked price in trading.

Asset-Backed Securities Risk: The value of an asset-backed security can be affected by various factors, including:

- (i) changes in the market's perception of the pool of underlying assets (or collateral) backing the security;
- (ii) economic and political factors such as interest rates and levels of unemployment and taxation, which can have an impact on repayments and default rates on the collateral;
- (iii) changes in the market's view of the creditworthiness of the issuer;
- (iv) the speed at which loans which form the collateral are repaid.

For more details on the risks for this fund please see the KIID or Prospectus at www.aegonam.com/documents.

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: This product is based overseas (Ireland) and is not subject to UK sustainable investment labelling and disclosure requirements. Please read the Key Investor Information, Prospectus, Supplementary Information Document and Application Form carefully. Consider getting financial advice if you need help to understand the investment and both the risks and opportunities involved. This product is authorised overseas but not in the United Kingdom and the Financial Ombudsman Service is unlikely to be able to consider complaints related to the product, its operator or depositary. Any claims for losses relating to the operator or depositary of this product are unlikely to be covered under the Financial Services Compensation Scheme. 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.

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