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Aegon Global Short Dated Climate Transition Fund

September 2024

Aegon Global Short Dated Climate Transition Fund is a simple, liquid, and transparent short-dated bond strategy. It embeds dedicated and 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.

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SFDR CLASSIFICATION:
ARTICLE 8

September 2024 overview

- Over the month, the Aegon Global Short Dated Climate Transition Fund produced a return of 0.82% compared to a return of 0.42% for the GBP Sonia Index.
- The fund's positions in US dollar and Euro-denominated bonds made the highest contribution to returns over the month, given the outperformance of these markets.
- The real estate sector continued to perform well with our holding in Hammerson in particular benefiting from a tender as the company looks to pro-actively extend its debt maturity profile.

Key data

£800m Fund size	**4.90(£)** Yield to worst (%)	**2.49 years** Modified duration	**A-** Average credit quality	**92** Issuers	**48%* lower** Portfolio carbon reduction vs index

Source: Aegon AM as at 30 September 2024. *Carbon intensity data as at 30 June 2024.

Performance

	1 month	3 months	1 year	3 years	Since Inception (Cumulative)*	Calendar Year 2023	Calendar Year 2022
Fund (%)	0.82	2.98	8.78	7.18	7.76	6.52	-3.46
Index (%)	0.42	1.31	5.32	10.38	10.41	4.69	1.40

Source: Lipper/Aegon AM as at 30 September 2024. Performance is shown for the S Acc GBP share class, NAV to NAV, noon prices, income reinvested, net of ongoing charges, excluding entry or exit charges. Benchmark: Sonia Compounded Index Total Return GBP. *Inception is 4 March 2021. Past performance is not a guide to future returns.

Portfolio activity

It was another strong month for short-dated government bond markets. Further evidence of a softening in the labour market coupled with inflation close to target led to the FOMC's decision to cut the benchmark US rate by 0.5%.

While the decision was accompanied by somewhat hawkish commentary reminding the market that further action would be dependent on additional evidence of weakening conditions, yields on short-dated treasuries fell some 0.3% over the course of the month. This move was mirrored by short-dated bunds, while short-dated gilts lagged, only falling approximately 0.1%, as the Bank of England's monetary policy committee voted to keep rates on hold at their latest meeting.

Credit spreads on investment grade corporate bonds initially moved wider as underlying yields fell and doubts about the outlook for the US and other major economies persist. A number of profit warning**s** from companies in the auto sector during the month suggest these doubts are well founded.

In spite of this, credit spreads once again recovered their poise to finish the month slightly tighter.

The overall duration of the fund remained unchanged at approximately 2.5-years. We continue to feel there is potential for the Bank of England to deliver more rate cuts than is currently priced and therefore the balance of our duration exposure is tilted towards the UK and US at the expense of Europe.

The fund's positions in USD and EUR denominated bonds made the highest contribution to returns over the month given the outperformance of these markets. These included positions in bonds from Legal & General, Danske Bank, Allianz and Deutsche Bank The real estate sector continued to perform well with our holding in Hammerson in particular benefitting from a tender as the company looks to pro-actively extend its debt maturity profile.

From a bottom-up perspective portfolio activity was focused on the reinvestment of the proceeds of maturing bonds. We added exposure to names including Enel, Allian**z** and Danske Bank. We also sought to take advantage of spread weakness in the auto sector to increase exposure to both BMW and Mercedes. Both companies have robust balance sheets that are well positioned to weather the slowdown. Finally, we initiated a new position in the UK infrastructure services, construction and property company Kier Group Plc. Kier is a high yield issuer favoured by our credit research team and categorised as 'Prepared' within our climate framework.

*Source: Lipper as at 30 September 2024. Performance is shown for the S Acc GBP share class, NAV to NAV, noon prices, income reinvested, net of ongoing charges, excluding entry or exit charges. Benchmark: Sonia Compounded Index Total Return GBP.

Investment policy and risks

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.

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Important information

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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.

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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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