

# AEGON Global Short Dated Climate Transition Fund – April 2023

## LWM FUND SPOTLIGHT AEGON GLOBAL SHORT DATED CLIMATE TRANSITION FUND

### INVESTMENT OBJECTIVE

The primary investment objective of the fund is to provide a return (income plus capital) by investing primarily in global short-dated investment grade bonds with less than four years to expected maturity. The fund can also invest in high yield, callable and non-rated bonds.

<b>INCEPTION DATE</b>	4 <sup>th</sup> March 2021
<b>FUND FACTSHEET</b>	<a href="https://www.trustnet.com/factsheets/B/qui7/aeg-on-global-short-dated-climate-transition/">https://www.trustnet.com/factsheets/B/qui7/aeg-on-global-short-dated-climate-transition/</a>

### MANAGEMENT

<b>Manager Name</b>	<b>Start Date</b>
Iain Buckle	4 <sup>th</sup> March 2021
Rory Sandilands	4 <sup>th</sup> March 2021

### RATIO DATA (2-years)

Alpha	Beta	Max Drawdown	Max Gain	Max Loss	Negative Periods	Positive Periods	Tracking Error
-0.50	0.21	-5.75	1.63	-1.77	56	48	4.63

### OTHER DATA

<b>Benchmark</b>	IA Global Corporate Bond
<b>Fund Size</b>	£800 million
<b>Fees</b>	0.18%

BULL POINTS (PRO)	BEAR POINTS (CONS)
<ul style="list-style-type: none"> <li>• Less susceptible to fluctuating interest rates.</li> <li>• Exclusionary strategy but mixes between laggards and leaders with the aims to eventually just hold leaders.</li> <li>• Article 8 fund.</li> <li>• Aim to protect on the downside.</li> <li>• Anchor within portfolios.</li> </ul>	<ul style="list-style-type: none"> <li>• Relatively low yield.</li> <li>• Short track record.</li> <li>• Perhaps a more tactical investment.</li> </ul>

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## FUND PERFORMANCE

Performance from 4<sup>th</sup> March 2021 – 31<sup>st</sup> March 2023

Pricing Spread: Bid-Bid • Data Frequency: Daily • Currency: Pounds Sterling



■ A - Aegon - Global Short Dated Climate Transition S Acc GBP in GB [-2.50%]  
■ B - IA Global Corporate Bond TR in GB [-5.49%]

04/03/2021 - 31/03/2023 Data from FE fundinfo 2023

### Cumulative Performance (GBP)

	3 Months	6 Months	1 Year	3 Years	5 Years
Fund	0.44%	2.68%	-0.11%		
Sector	-0.15%	4.14%	-1.01%	-4.59%	9.28%
Relative to Sector	0.59%	-1.40%	0.91%		
Rank in Sector *	1 / 28	14 / 28	1 / 26		
Fund Quartile *	1	2	1	N/A	N/A

### Performance by Calendar Year in (GBP)

	YTD	2022	2021	2020	2019
Fund	1.41%	-3.46%			
Sector	1.71%	-8.85%	-1.45%	6.82%	7.26%
Relative to Sector	-0.30%	5.92%			
Rank in Sector *	20 / 28	1 / 25			
Fund Quartile *	3	1	N/A	N/A	N/A

### Discrete Annual Performance to Last Quarter End (GBP)

	0-12m	12m-24m	24m-36m	36m-48m	48m-60m
Fund	-1.23%	-1.23%			
Sector	-2.75%	-2.81%	4.26%	3.20%	7.25%
Relative to Sector	1.56%	1.63%			
Rank in Sector *	2 / 26				
Fund Quartile *	1	N/A	N/A	N/A	N/A

### Fund Price Movement (GBP)

12 Month High 9.87 (Pounds Sterling) 12 Month Low 9.46 (Pounds Sterling)

### Annualised Ratios Over 12 Months

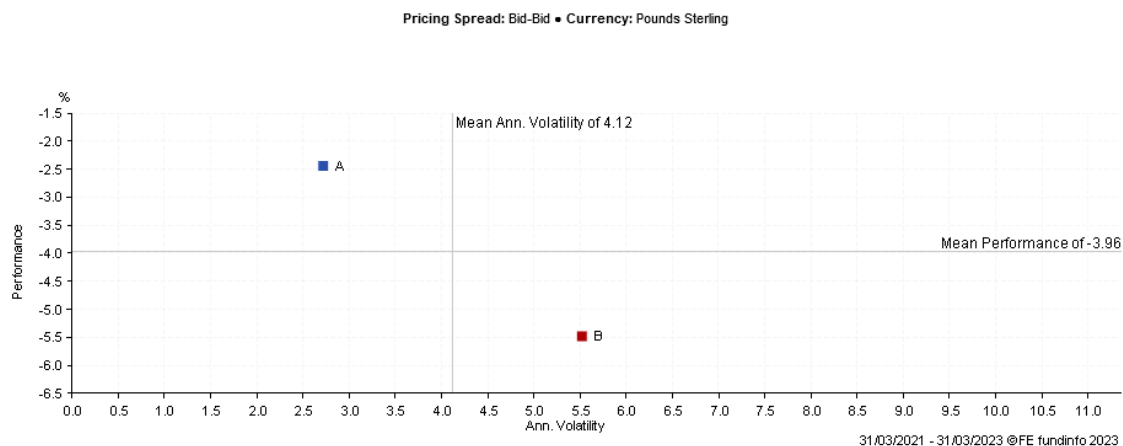
	Alpha	Beta	Sharpe	r <sup>2</sup>	Volatility
Fund	-0.01	0.45	0.00	0.56	3.80
Fund Quartile *	N/A	N/A	N/A	N/A	N/A

\*Ranks & quartiles shown are for the primary share class Aegon Global Short Dated Climate Transition S Acc EUR

Please note that past performance is not a reliable indicator of future returns, and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.

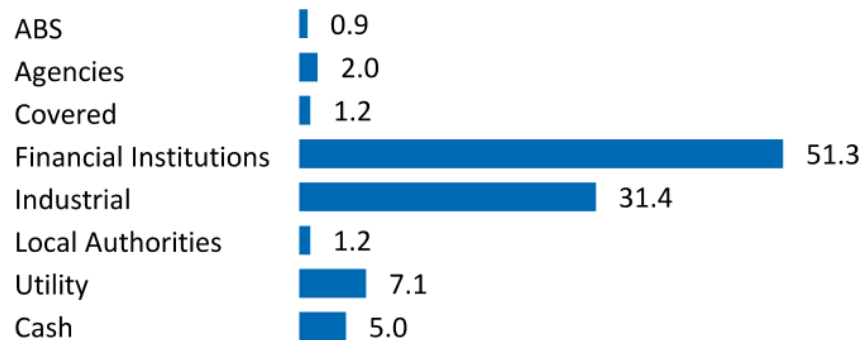
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## VOLATILITY

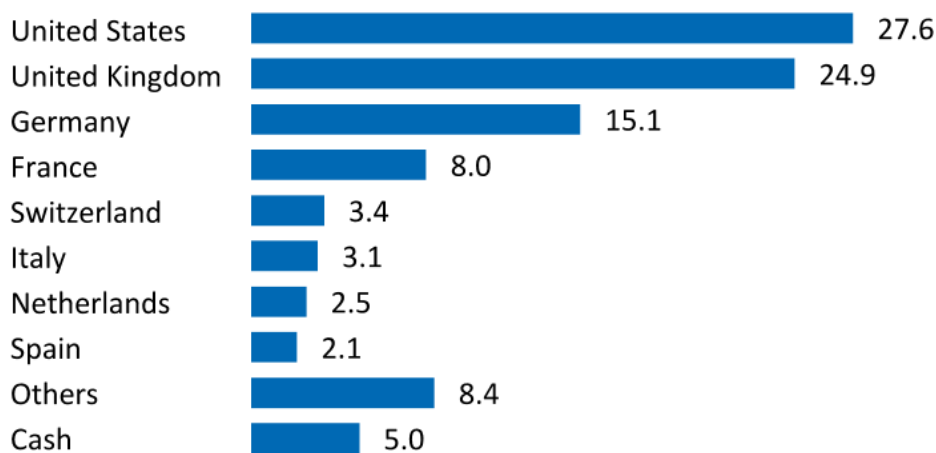


Key	Name	Performance	Annualised Volatility
A	Aegon - Global Short Dated Climate Transition S Acc GBP in GB	-2.44	2.72
B	IA Global Corporate Bond TR in GB	-5.48	5.52

## SECTOR WEIGHTINGS



## REGION WEIGHTINGS



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### TOP TEN HOLDINGS

UNITE USAF II PLC 3.374% 30/06/2023	1.5
AMERICAN MEDICAL SYST E 0.75% 08/03/2025	1.4
SSE PLC 1.25% 16/04/2025 EMTN	1.2
HALEON UK CAPITAL PLC 3.125% 24/03/2025	1.1
MCDONALD'S CORP 2.375% 27/11/2024	1.1
ING GROEP NV VAR 29/11/2025	1.0
JOHN DEERE BANK SA 2.5% 14/09/2026 EMTN	1.0
LEGAL & GENERAL GROUP VAR 27/10/2045 EMTN	1.0
CLOVERIE PLC (SWISS RE C VAR 11/09/2044	1.0
VOLKSWAGEN FIN SERV NV 1.875% 03/12/2024 EMTN	0.9
<b>Total</b>	<b>11.2</b>

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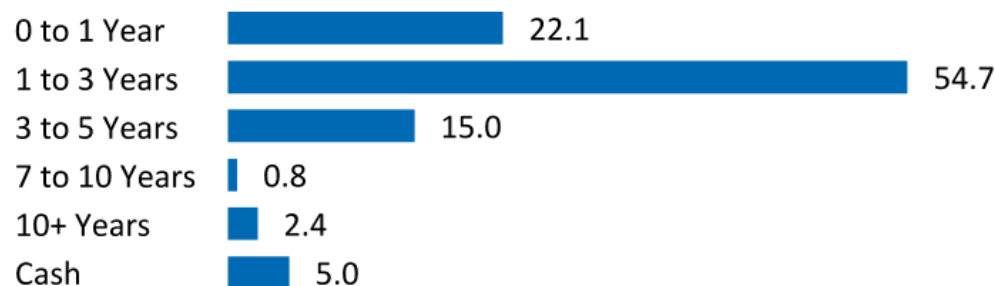
### LWM FUND ANALYSIS

AEGON are specialists in fixed income. Coming into this year they were optimistic that investors would come back into fixed income, with higher yields and a structural shift to more normalised interest rates and inflation from where we have been since 2008.

However, there remains some sceptics and therefore the flows of money have been less than expected across the whole sector. Bonds were always there to be income producing assets or a diversifier within a portfolio. With yields so low since 2008 and returns relatively low, many investors have forgotten the reasons for holding these strategies. This is changing and this is perhaps a good way in.

The yield curve is relatively flat and therefore investors are getting the same yield whatever point of the curve they are coming in on. In simple terms this strategy provides limited interest rate sensitivity without sacrificing yield potential.

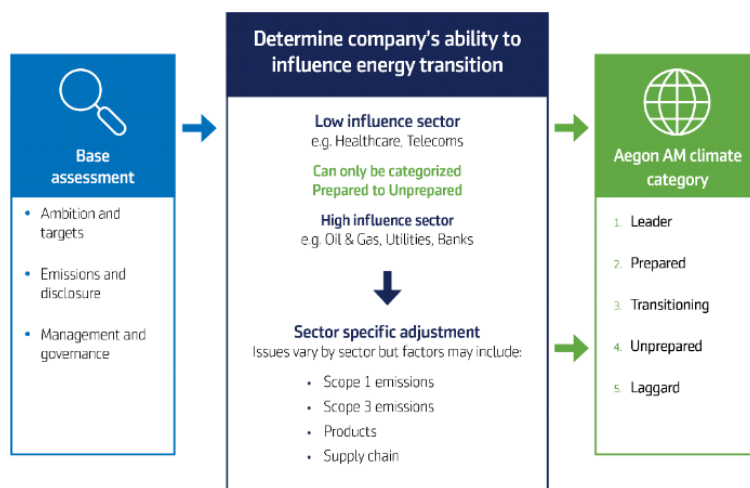
## Maturity breakdown (%)



So, if rates were to rise 1% a bond or bond fund with a 5-year average duration would lose approximately 5% of its value. This currently has a duration of 2.10 which means there is more protection than longer dated bonds.

The strategy is also different as it is an Article 8 strategy. This means that it is a sustainable strategy which includes an exclusionary policy. The aim is to invest across a range of companies, from those that they class as laggards to leaders. The aim over the long term is to move everything to leaders.

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We talked about laggards and whether this would include fossil fuels. They explained that companies that extract oil and gas would be harder to transition and therefore it would be unlikely they would add these companies. The types of laggards are private owned REITs and US insurance companies.

We talked about private companies and this is common within the corporate bond market. As they are not listed the level of information is not as strong and therefore greater care is needed. Although the strategy holds laggards, this doesn't impact the credit quality.

## Credit rating breakdown (%)



So in summary what investors get with this strategy is an entry point back into the bond market with relatively low interest rate risk. The strategy also has a climate transition angle which means it will invest in those companies which are transitioning but it is also exclusionary so is likely to avoid oil and gas companies. In the environment moving forward, bonds should be seen as they were always set out to be. That is to provide an income with little capital upside, or as a diversifier within a portfolio of assets.

With AEGON, investors are selecting an investment house that are considered specialists within the fixed income market. This strategy is relatively new and therefore there is only a short track record. The current yield is also relatively low at 2.83%.

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***The source of information in this note has been provided by AEGON and is correct as of April 2023. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to make a decision based on these notes we cannot take responsibility for this, and you should carry out your own research before making a decision. We would also recommend that you receive advice before following up on any decision.***

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