This is a marketing communication

Aegon European ABS Fund I USD Hdg

Factsheet as of 31 March 2024

Fund objective

The Fund primarily invests direct or indirect 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 assetbacked securities. The investment process is focused on the addition of value by means of an active selection policy for issuers, collaterals, sectors and countries.

Key facts

Fund launch	11 November 2016
Share class launch	10 April 2018
Sector	Fixed Income
Investor type	Institutional
Dividend	No
Structure	Open End
Listed	No
Fund structure	UCITS
ISIN	IE00BYZQPT40
SFDR classification	Article 8
Fund base currency	EUR
Total Fund size	5,636,794,948
Share class currency	USD
Share class size	241,032,557
Price[1]	12.16
Participations	19,822,537
Securities lending[2]	
Revenue	0.00 bps
Assets lent	0.00 %
Gross leverage	136.40 %
Leverage commitment	5.06 %

Costs[3]

Management fee	0.28 %
Service fee	0.06 %
OCF	0.34 %
Entry fee	0.10 %
Exit fee	0.10 %

The service fee is inversely scaled related to the fund size. The maximum applicable service fee is presented.

Aegon Asset Management applies partial ADL (Anti-Dilution Levy) which implies that the NAV of a fund is adjusted with the exit or entry fee only if the net cash flow exceeds a pre-determined limit.

The cost of investing will impact your investment. The return will be reduced by the fees and expenses that may be incurred in managing the investment. Fees may have a compounding effect.

Performance

Past performance does not predict future returns.

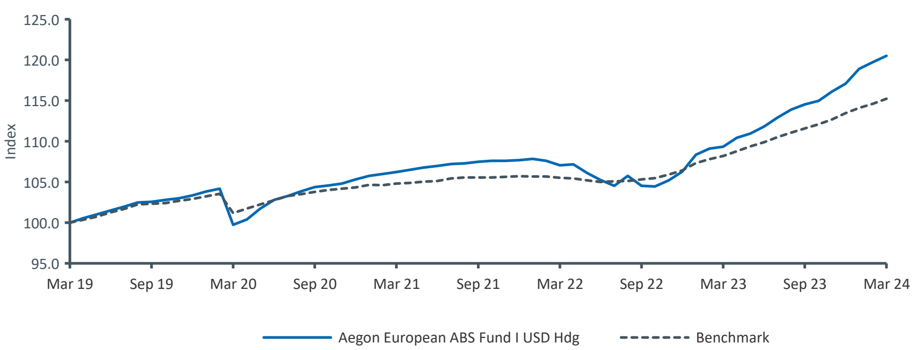
Performance

	1m	3m	Ytd	3y	5y	SI
Fund Gross return (%)	0.64	2.91	2.91	4.29	3.80	3.55
Fund Net return (%)	0.62	2.84	2.84	4.00	3.51	3.26
Benchmark (%)	0.54	1.56	1.56	3.21	2.88	2.84
Tracking error ex post (%)	-	-	-	1.70	1.68	1.55
Information ratio	-	-	-	0.45	0.37	0.27

Benchmark

Bloomberg Barclays Capital Euro ABS Fixed and Floating Index (USD-Hedged)

Cumulative performance



The cumulative performance is based on total return data excluding management, service and entry or exit fees.

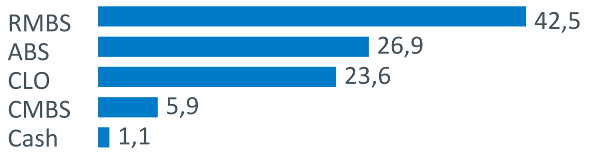
[1] Look for information on the current price at www.aegonam.com
[2] Securities lending contributes to the performance of the Fund. The Fund receives 72% of the total proceeds from securities lending. The costs for providing and conducting the securities lending program are charged by Aegon Asset Management and partners and are already deducted from these proceeds. These proceeds are an estimation. The exact amount is known three weeks after month end.
[3] Source: Aegon Asset Management. Ongoing charges based on actual expenses over the year 2023.

Discrete annual performance

Past performance does not predict future returns.

12 months to	Mar 24	Mar 23	Mar 22	Mar 21	Mar 20	Mar 19	Mar 18	Mar 17	Mar 16	Mar 15
Fund Gross return (%)	10.22	2.15	0.75	6.51	-0.26	-	-	-	-	-
Fund Net return (%)	9.91	1.86	0.47	6.21	-0.54	-	-	-	-	-
Benchmark (%)	6.49	2.57	0.67	3.56	1.20	-	-	-	-	-
Tracking error ex post (%)	0.99	2.65	0.60	0.84	2.11	-	-	-	-	-
Information ratio	3.25	-0.26	-0.33	3.05	-0.82	-	-	-	-	-

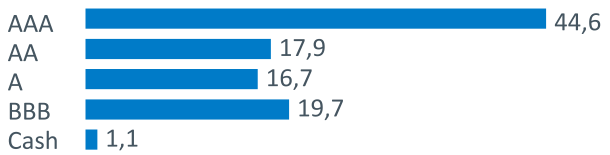
Sector allocation (%)



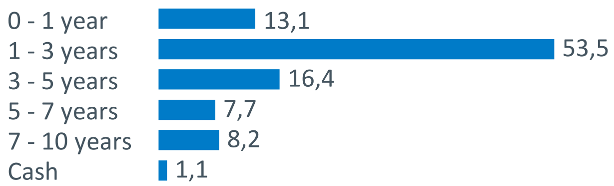
Currency allocation (%)

	Pre hedge	Post hedge
USD	0.0	100.0
EUR	70.7	0.0
GBP	29.3	0.1
Total	**100.0**	**100.0**

Rating allocation (%)



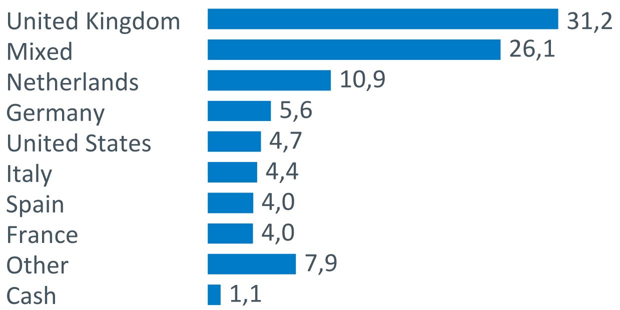
Maturity breakdown (%)



Top 10 holdings (%)

SLMA 2004-5X A6	2.4
VERSE 8 SEN	1.6
JUPIT 1X BR	1.3
SLMA 2004-10X A8	1.2
SLM STUDENT LOAN	1.1
PLRS 2024-1 A	1.0
VCL 41 A	0.9
ACAHB 2024-1 A1	0.8
HLFCT 2023-1 A	0.8
RNBAG 10 A	0.8

Country allocation (%)



Return and Risk Commentary

The first quarter of 2024 proved to be very strong for European ABS markets. Other sectors did not fare that well especially amongst long-duration products, which has been the complete opposite from how we ended the last month of 2023. Though market expectations were that centralbanks needed to cut rates aggressively, it seems that central bankers are not in a hurry to do so. Communications from eurozone, US and even UK policymakers signaled patience as they are seeking further evidence that inflation is on track to sustainably return to the 2% target. In addition, this was followed by a push back of rate expectations by the market following strong data. This affected returns negatively for long-duration products and with market expectations on interest rates, returns were quite volatile.

Amidst this volatile environment, European ABS markets performed strongly, since spreads continued to tighten across all European ABS sectors, triggering conditions in which primary issuance picked up again after the usual slowdown in December. Overall, primary issuance amounted to around €29 billion in the first quarter of 2024, an increase of around 50% compared to the same period last year. Despite the heavy supply, spreads ended the quarter tighter by about 10% for ECB-eligible sectors, 15% for UK non-prime sectors and 25% tighter for CLOs. With interest rates decreasing, even CMBS witnessed some tightening, but is still underperforming. The weakness in office and retail real estate markets has affected CMBS that are backed by loans exposed to these segments. This is clearly visible in the US market, but European commercial real estate markets are not immune. Given higher vacancy rates and much higher funding costs, the weakness is not surprising and is affecting property valuations. This makes it difficult to refinance maturing loans as banks have established much stricter financing terms to obtain new financing. While we do expect weakness to continue, European CMBS are not solely backed by loans to these weaker sectors and are diversified across market segments and countries. In addition, there is no maturity wall for loan refinancing, but risks are idiosyncratic. All in all, we remain cautious on the sector, as we have always been.

Over the quarter we have continued to reduce risk in the portfolio as the temporary (technical) dislocation of valuations has faded over the course of 2023 as spreads tightened. As such, we have repositioned the portfolio more towards the higher part of the capital structure. While credit curves have flattened, there still is value to be found in non-senior bonds. Overall, we have increased our AAA allocation while our AA, A and BBB exposure decreased. However, our weighted average rating stayed the same at AA-/A+. The spread duration is still slightly below three years and the weighted average spread decreased due to reallocation and spread tightening. The yield-to-maturity declined to 4.57%, due to tightening in spreads. In terms of countries and collateral, we have added to our UK, Italian, Belgium, German and French exposure, while our Mixed, Portuguese, Irish and US exposure decreased. Furthermore, our allocation to RMBS increased, while our exposure to CMBS and CLOs declined.

From a fundamental perspective, with unemployment rates still low, the pick-up in arrears is much lower than most would have predicted. So far, the main driver of European ABS performance are interest rates and the possible interest rate shock that consumers and corporates could face. Performance, however, has held up quite well and deterioration is only seen in certain parts of the market where loans needed refinancing. We have seen arrears increasing in some sectors, especially those that mostly have exposure to floating-rate collateral. These arrears, however, have not resulted in losses, as asset prices and conservative underwriting at time of origination have helped to overcome losses in case of defaults. Although credit metrics are generally in good shape, signs of deterioration are continuing. Even though weaker consumers and companies will continue to face pressures, we expect defaults to remain below their long-term averages. As credits become more stressed and idiosyncratic factors drive dispersion, selection will be increasingly important, and we believe it is prudent to be modestly defensive.

Although spreads tightened, European ABS still stand out from a valuation perspective especially due to the high carry value, protecting investors in case sentiment turns bearish again. Low interest rate duration provides stable returns in the current uncertain interest rate environment. Even with flatter credit curves, non-senior tranches provide compelling opportunities to earn additional income, but we have become more selective as in some deals the risk-reward is limited. The uncertain outlook for the European economy and the way central banks will act will likely lead to periods of weakness in the markets going forward as concerns about inflation, the growth prospect of the eurozone economy and the impact of higher interest rates remain. However, the weakening of the fundamental picture has already been (partially) priced in and investors in ABS seem to get compensated for taking credit risk. High-carry products are therefore set to outperform especially if incoming macroeconomic data was to point to easing inflation or an increased probability of a recession.