

Aon Managed Diversified Multi Strategy Bond

Defined contributions

Fund information

Issuing company	Aegon/Scottish Equitable plc
Inception date	15 Dec 2014
Benchmark	Bank Of England Sterling Overnight Index Average
Entry Fees	No
Exit Fees	No
Performance Fee	No
Additional Expenses	0.06%
Fund size	£99.09m
Fund type	Pension
ISIN	GB00BRJMC432
SEDOL	BRJMC43
Domicile	United Kingdom
Use of Income	Accumulation
Base Currency	GBP

An annual management charge will also be incurred in addition to the additional expenses shown.

Relative Risk Profile

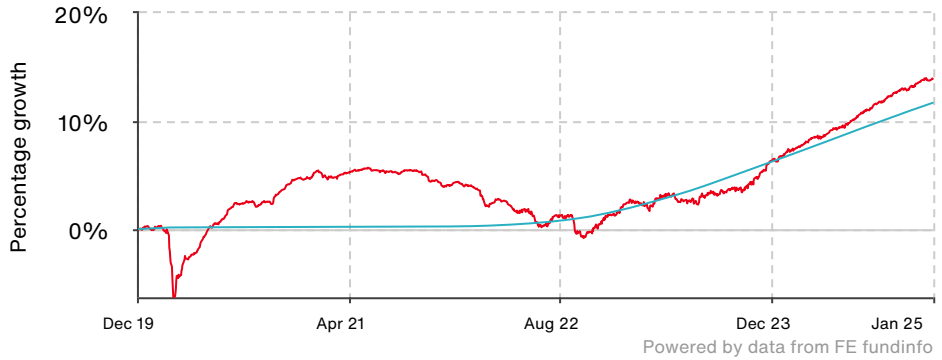


These risk ratings are only applicable to funds available via TargetPlan. Other risk ratings apply across the rest of our fund range and they, or ratings from other providers, are not comparable. Be aware that even lower risk investments can fall in value.

Fund objective

The Fund aims to outperform its benchmark by 2.0% per annum gross of fees over rolling three year periods. The Fund will invest in a range of bond funds that, in aggregate, provide exposure to global bonds, across a broad spectrum of credit quality. It may also hold up to 10% in cash or cash equivalents in order to balance overall risk.

Fund performance



	3 Months	YTD	1yr	3yrs	5yrs
Fund	1.3%	7.0%	7.0%	3.0%	2.6%
Benchmark	1.2%	5.1%	5.1%	3.7%	2.2%

	Dec 19 to Dec 20	Dec 20 to Dec 21	Dec 21 to Dec 22	Dec 22 to Dec 23	Dec 23 to Dec 24
Fund	4.7%	-0.4%	-3.0%	5.2%	7.0%
Benchmark	0.2%	0.1%	1.4%	4.6%	5.1%

Past performance is not a reliable guide to future performance. The value of investments and the income from them can fluctuate and are not guaranteed. Investors may not get back the full amount invested.

Source FE fundinfo. Performance shown is gross of the annual management charge but is net of additional expenses (if any) incurred within the fund. The annual management charge will reduce the performance figures shown. Performance for periods over a year is annualised (% per year).

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Fund Split as at 31 Dec 2024

AEGON AM EUROPEAN ABS O	21.5%
AE JANUS HEND ASSET-BACKED SEC O	21.5%
AE T ROWE PRICE DYN GLOBAL BOND O	19.1%
AE BLK ABSOLUTE RTN BOND (BLK) O Prvt	19.0%
AE BR SYS MULTI ALLO CRED O	13.9%
AM LIQUIDITY O Prvt	5.0%
Total	100.0%

Source of fund breakdown and holdings: Fund mgmt group

Fund Commentary

The Aon Managed Diversified Multi Strategy Bond Fund aims to outperform Sterling Over Night Interest Average (SONIA) by 2.0% per annum, on a gross of fees basis, over rolling three-year periods.

The Fund provides exposure to global fixed income strategies which may include emerging market debt. Approximately 32% of the Fund is invested in absolute return bond funds which hold many different types of bond investments and may include corporate and government bonds, emerging market debt, high yield bonds and alternative debt structures, such as mortgage-backed securities. Around 48% of the Fund is invested in asset backed securities, which provides exposure to bonds backed by different non-mortgage assets including credit card receivables, student loans, home equity loans and auto loans. Approximately 14% of the Fund is invested in the BlackRock Systematic Multi Allocation Credit Fund, which uses a rules-based investment process to invest in corporate bonds, high yield bonds and emerging market debt. The remaining 6% of the Fund is invested in a cash fund which holds a range of underlying securities including government/treasury securities, commercial paper and certificates of deposit, each with a term to maturity generally ranging from one day up to one year.

During the quarter, we increased our allocation to absolute return bonds with a reduction allocation to asset-backed securities. This reflects our medium-term view and the increased attractiveness of absolute return bonds, especially with the expectation of falling interest rates over the next 12-18 months.

Performance Commentary

Over the three-month period to 31 December 2024, the Fund returned 1.3% against a backdrop of mixed corporate and negative government bond returns.

Government bonds fell in value over the quarter due to rising yields, driven by a gradual increase in global inflation and the expectation of fewer interest rate cuts in 2025 across most major economies. The Bank of England cut interest rates by 0.25% to 4.75% p.a., while the Federal Reserve reduced its rate twice by 0.25%, bringing interest rates down to a range of 4.25% to 4.50% p.a. Meanwhile, the European Central Bank also cut its interest rate by 0.25%, to 3.50% p.a.

Investment-grade corporate bonds also fell in value over the quarter, as rising bond yields more than offset the benefits of falling credit spreads (the difference between government and corporate bond yields) and the income return.

All the Fund's underlying holdings generated positive returns over the quarter.

The T-Rowe Price Dynamic Global Bond Fund was the best-performing strategy and returned 2.7%, benefiting from its interest rate positioning and credit selection in the US high yield and global investment grade market. The BlackRock Absolute Return Bond Fund returned 0.7%, benefitting from its allocation to European asset-backed securities and short-dated global investment corporate bonds. This was partially offset by exposure to long-dated global development markets, as yields rose quickly.

The allocation to asset-backed securities continued to perform well, benefiting from high-interest rates. Both managers generated positive returns, with the Aegon European Asset Backed Securities Fund and the Janus Henderson Asset Backed Securities Fund returning 1.6% and 1.7%, respectively.

The BlackRock Systematic Multi Allocation Credit Fund returned -0.8%, with negative returns from investment grade bonds and emerging market credit more than offsetting gains from high-yield bonds. The allocation to cash generated a positive return.

Since inception, the Fund has generated a return of 2.9% p.a., outperforming its cash-based benchmark and has delivered these returns with a low level of risk.

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Differences in performance reporting between fund and benchmark may arise due to the impact of timing, charges, cashflows, and the pricing basis of the underlying fund. Fund returns are calculated on a total return basis with dividends reinvested.

The value of your plan depends directly on a number of things, including the level of your pensions savings, charges, investment returns and the annuity rates available to buy your pension income when you decide to take your benefits. Levels and basis of, and reliefs from, taxation can also change. Any money that you invest in the plan is tied up until you take your retirement benefits. You cannot normally take the benefits until at least the age of 55.

The value of investments can fluctuate. Fluctuations may be particularly marked in the case of a higher volatility fund and the value of an investment may fall suddenly and substantially. Changes in exchange rates will affect the value of overseas investments. Emerging market investments are often associated with greater investment risk. Two main risks related to fixed income investing are interest rate risk and credit risk. Typically, when interest rates rise, there is a corresponding decline in the market value of bonds. Credit risk refers to the possibility that the issuer of the bond will not be able to repay the principal and make interest payments.

Aon Investments Limited (AIL) has been appointed as the investment manager of this fund. AIL is authorised and regulated by the Financial Conduct Authority. Aon Investments Limited, The Aon Centre, The Leadenhall Building, 122 Leadenhall Street, London EC3V 4AN. Registered in England No: 5913159

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