AON

Q4 2024

Aon Managed Initial Growth Phase

Defined contributions

Fund information

Issuing company	Aegon/Scottish Equitable plc
Inception date	15 Dec 2014
Benchmark	Aon Managed Initial Growth Phase Composite Benchmark
Entry Fees	No
Exit Fees	No
Performance Fee	No
Additional Expenses	0.02%
Fund size	£1,197.39m
Fund type	Pension
ISIN	GB00BRJMCN23
SEDOL	BRJMCN2
Domicile	United Kingdom
Use of Income	Accumulation
Base Currency	GBP

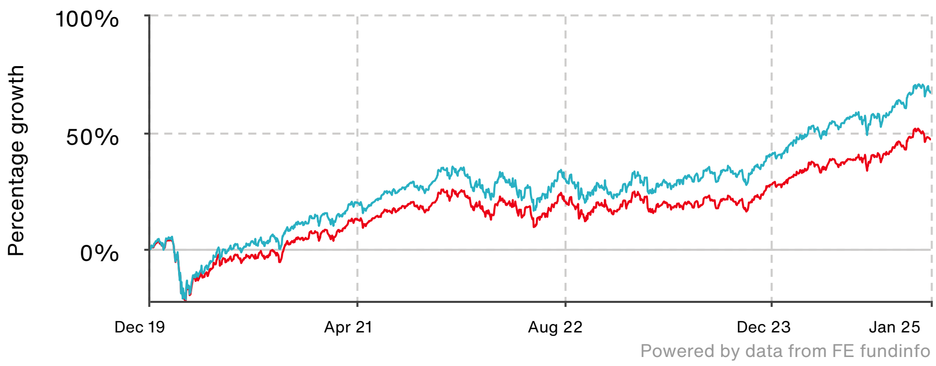
Relative Risk Profile

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 investing in a range of funds that provide exposure to a range of asset types, which might include global equities, fixed income, property and other assets.

Fund performance



	3 Months	YTD	1yr	3yrs	5yrs
Fund	3.8%	14.5%	14.5%	5.7%	8.0%
Benchmark	5.3%	18.5%	18.5%	7.7%	10.8%

	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	4.2%	19.6%	-6.3%	10.0%	14.5%
Benchmark	10.9%	20.7%	-8.0%	14.5%	18.5%

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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Aon Managed Initial Growth Phase

Fund Split as at 31 Dec 2024

AM GLOBAL EQUITY O Prvt	90.5%
AE BLK ENV LOW CAR T PROP SEC O Prvt	6.9%
AE LGIM INFRASTRUCTURE IDX N (BLK) Prvt	1.5%
AE THREADNEEDLE PROPERTY (BLK) N	1.2%
Total	100.1%

Source of fund breakdown and holdings: Fund mgmt group

Fund Commentary

The Aon Managed Initial Growth Phase Fund aims to outperform its composite benchmark by investing in funds that provide exposure to a range of asset types, which may include global equities, property and other assets. The Fund's current investment strategy is to hold 90% of its assets in the Aon Managed Global Equity Fund, which invests in a global equity climate transition fund, an emerging market climate transition equity fund and a multi-factor equity fund that provides exposure to broader equity market themes (often referred to as factor investing), including value, quality, momentum, small size and low volatility. Each of the underlying funds invests broadly in line with its respective investment benchmark (commonly known as 'passive investment'). Investing across multiple regions, industry sectors and broader equity market themes is intended to create an equity portfolio that is diverse and well-balanced. The remaining 10% of the Fund is invested in a listed global real estate fund, a listed infrastructure fund and a UK property fund.

The inclusion of funds with an ESG screen and focus on environmental issues aims to help reduce the Fund’s carbon footprint and reduce the investment risks associated with climate change and the transition to a low carbon economy. The global equity climate transition fund and new emerging market equity climate transition fund offer broad based exposure to global equities and emerging market equities respectively, but with improved climate metrics, lower carbon emissions, better ESG scores and a focus on positive impact by investing more in those companies that contribute to a just and fair transition. Alongside this, the low carbon approach within the multi-factor equity fund offers a large reduction in carbon emissions, achieved by investing less in companies with a high carbon footprint across a range of different sectors. The global property securities fund tracks an ESG Index which tilts the portfolio towards constituents with strong ESG scores and looks to reduce the carbon intensity and energy usage of the Fund, when compared to the parent index. The Fund also reduces exposure to tobacco, controversial weapons and companies that violate the UN Global Compact principles. During the quarter, we continued to decrease our exposure to multi-factor equities in favour of climate transition equities. This change increases the Fund’s exposure to larger companies and strategies with specific objectives around the energy transition and is also expected to reduce the performance variability between the Fund and the benchmark. Further changes to increase the allocation to climate transition equities will take place in the next few months.

Performance Commentary

Over the three-month period to 31 December 2024, the Fund returned 3.8% against a backdrop of positive equity market returns. The Fund is invested 90% in the Aon Managed Global Equity Fund, with the remaining 10% invested in a diversified range of commercial property assets and listed securities within the property and infrastructure sectors. Global equity markets rose during the fourth quarter of 2024, largely driven by US equities, despite an increase in volatility following the US Federal Reserve's interest rating meeting in December. US equities benefited from better-than-expected economic growth and the depreciation of the pound against the US dollar, which resulted in higher returns in sterling terms. In contrast, returns were mixed in other markets; both UK and European equities fell, while Japanese equities performed well. In the Labour Party's first Budget for 14 years, Chancellor Rachel Reeves announced several changes to the UK's tax system (including an increase in Employer's National Insurance Contribution), resulting in £40 billion in tax increases. Meanwhile, across the Atlantic, the Republican Party, led by Donald Trump, achieved a decisive victory, gaining a majority in the White House as well as the US Senate and House of Representatives, further benefiting equity markets due to expectations of pro-business policies which should lift growth, lower taxes and cut regulation. The Aon Managed Global Equity Fund returned 4.4% over the quarter. The UBS Global Equity Climate Transition Fund returned 6.3%, slightly behind its benchmark. This reflects strong market returns from most equity markets, which were partially offset by stock selection in the technology, utilities and communication sectors. The allocation to Emerging Market equities fell, with the UBS Global Emerging Market Equity Climate Transition Fund returning -1.8%. This reflects weak returns from Emerging Market equities due to concerns about the potential impact of Trump’s proposed tariffs, particularly in China. The allocation to multi-factor equities delivered positive absolute performance of 4.0%, although lagged the broader market. The technology sector, specifically large-cap technology stocks, in which the multi-factor strategy is underweight, detracted from overall performance, especially as market momentum in artificial intelligence surged again following Trump’s election. Conversely, an underweight position in the healthcare sector was beneficial. The allocation to property and infrastructure returned -2.0%, with underlying managers delivering mixed results. The listed property holding fell by 3.9%, driven by a rise in inflation globally and expectations of fewer interest rate cuts in 2025. This decline was partially offset by gains in listed infrastructure, where increasing energy prices offset the rise in bond yields. Additionally, UK commercial property contributed positively through a combination of income returns, rental growth and rising capital values. Since inception, the Fund has generated a strong absolute return of 10.1% p.a.

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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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Source: Scottish Equitable plc.

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