



For employers and scheme trustees

# Key lifestyle fund due diligence report

Update on how our key workplace  
lifestyle funds have performed

Quarter one 2025



# Contents

## **3 Introduction**

## **4 About lifestyling**

## **7 Funds news**

## **8 Our climate roadmap**

## **9 Market review**

## **13 Our key lifestyle default funds – blended solutions**

### **13 Universal Lifestyle Collection**

## **15 Our key lifestyle default funds – Active**

### **15 Cautious Lifestyle**

### **17 Balanced Lifestyle**

### **19 Dynamic Lifestyle**

### **21 Ethical Lifestyle**

## **23 Our key lifestyle default funds – Passive**

### **23 Balanced Passive Lifestyle**

### **25 Stakeholder Default**

### **26 GPP Default**

### **27 Aegon BlackRock 50/50 Equity and Bond Tracker Lifestyle**

### **28 Aegon BlackRock 50/50 Global Equity Tracker Lifestyle**

### **29 Aegon BlackRock 75/25 Equity and Bond Tracker Lifestyle**

### **30 Aegon BlackRock Consensus Lifestyle**

## **31 Workplace Target funds**

# Introduction

**This document details our current lifestyle process and goes on to report on the key drivers of world markets in the most recent quarter. The report then explains the progress of some of our key actively managed and blended lifestyle funds during the growth stage of the lifestyle process: the Universal Lifestyle Collection, the Cautious Lifestyle fund, the Balanced Lifestyle fund, the Dynamic Lifestyle fund and the Ethical Lifestyle fund. Finally, this report outlines the performance of our key passively managed lifestyle funds.**

Please note all performance data shown in this report is sourced from FE fundinfo, unless otherwise stated.

**This communication is for scheme trustees and employers only. It mustn't be distributed to, or relied on, by customers or any other persons.**

The information in this report is a factual review of performance only and shouldn't be taken as a recommendation or advice. The information in this report is correct to the best of our knowledge at the time of writing. Markets and funds change constantly, so the information it contains may have changed by the time you read this.

The value of the funds in this report may go down as well as up for a number of reasons, for example market and currency movements. Investors may get back less than they invest. For risks associated with each fund, please view the fund fact sheet via the **'Fund prices and information' page on our website** and selecting 'Other fund ranges'.



# About lifestyling

The funds in this investment report show your scheme's default lifestyle fund during its 'Growth' stage. The following table shows the lifestyle fund and the underlying fund that it invests directly into.

Lifestyle fund	Underlying fund
Universal Lifestyle Collection	Universal Balanced Collection
Balanced Lifestyle	Mixed fund
Ethical Lifestyle	Ethical fund
Dynamic Lifestyle	Global fund
Cautious Lifestyle	Distribution fund
Balanced Passive Lifestyle	Balanced Passive
Stakeholder Default	Growth Tracker (Annuity Target)
GPP Default	Growth Tracker (Annuity Target)
Aegon BlackRock 50/50 Equity and Bond Tracker Lifestyle	Aegon BlackRock 50/50 Equity and Bond Tracker
Aegon BlackRock 50/50 Global Equity Tracker Lifestyle	Aegon BlackRock 50/50 Global Equity Tracker
Aegon BlackRock 75/25 Equity and Bond Tracker Lifestyle	Aegon 75/25 Equity and Bond Tracker
Aegon BlackRock Consensus Lifestyle	Aegon BlackRock Consensus

## How do the funds work in the lifestyle stage?

The lifestyle stage starts some years\* before the start of your member's target retirement year and recognises that their priorities may change as retirement approaches. It assumes they'll buy an annuity, to provide themselves with an income (pension) for life (or a specified number of years), when they retire.

Some years before they're due to retire; we'll progressively start switching their investment mainly into long gilts (UK government bonds) and other types of fixed interest with the aim of giving them more certainty about the level of annuity they'll be able to buy when they retire.

We'll also move some of their pension pot into cash in the final year or two years\* of their investment.

\*Please note, the lifestyle stage varies for each fund and the chart below is for illustration purposes only. Please see the individual factsheets for more information.

## Retirement

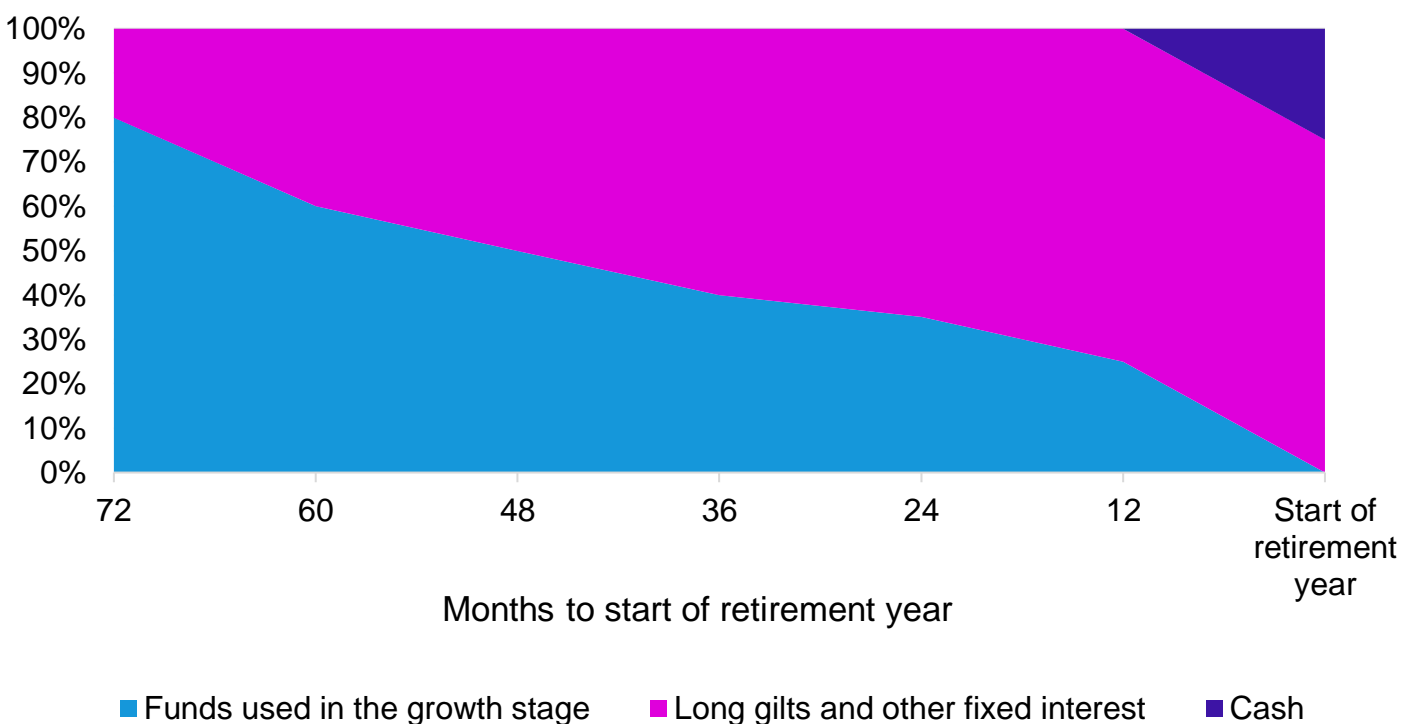
If investors don't buy an annuity in their selected retirement year, they'll automatically be switched into a retirement fund. This keeps their asset allocation 75% invested mainly in long gilts and other types of fixed interest, and 25% invested in cash. They will remain in this fund until they tell us otherwise.

Our retirement funds are designed for short-term investing, where preserving the size of annuity members can buy is the priority. Returns may not keep pace with inflation.

Please remember, even though they're investing in a lifestyle fund they should still review their investments on a regular basis, particularly if their financial needs or personal circumstances change.

We review our lifestyle funds from time to time and may change how they work if we believe this to be in the best interests of investors.

Percentage of your fund



## **Why long gilts?**

Long gilts are fixed-interest investments issued by the UK government with maturity dates of 15 years or more.

When annuity rates (which determine how much pension your scheme members will get per year) go down, the value of a pension pot that's invested in long gilts is likely to go up, and vice versa.

This means that if they invest in long gilts, the level of income they'll get at retirement is less likely to change dramatically if annuity rates move up or down just before they retire.

Long gilt values can go down as well as up. The relationship between long gilts and annuity rates isn't perfect and can be affected by other factors.

## **Why cash?**

Moving into cash caters for a scheme member's tax-free cash entitlement.

They can choose how much of their cash entitlement they want to take, but our process assumes they'll take the maximum which, based on current legislation, is 25% of their pension pot.

# Fund News

## **Changes to Universal Balanced Collection (UBC)**

At the start of November, we made some changes to the UBC. The changes will happen in two stages. During stage one, in line with the fund objective, we removed some funds from the UBC and changed some of the other funds that the UBC invests in. We expect stage two to happen around the middle of 2025 and we'll be communicating this nearer the time.

### **Why we made these changes**

We're making these changes to help the UBC meet its objectives and target improved outcomes for our customers. The changes aim to improve returns, increase diversification, enhance how Environmental, Social and Governance (ESG) considerations are used, and provide access to investment opportunities such as private markets. However, there's no guarantee the funds will meet their objectives. The value of an investment can fall as well as rise and isn't guaranteed.

**[You can read more information about this on our fund updates page.](#)**

Source: Aegon UK

## **Changes to Aegon's MI Workplace Savings fund range**

On 5 November 2024, we made some changes to Aegon's MI Workplace Savings fund range. The underlying fund manager BlackRock closed the underlying investments the fund range uses. As a result, the fund range is no longer included in this report.

**[Read more information about this on our fund updates page.](#)**

Source: Aegon UK



# Our climate roadmap

We have committed to transitioning our workplace default fund range to net-zero greenhouse gas (GHG) emissions by 2050. **Our climate roadmap** provides an overview of our decarbonisation progress so far and our future milestones to reach net zero. Between 2020 and 2024, we reduced our workplace default funds' carbon footprint by 40% for scope 1 and 2 emissions\* for listed equity and corporate fixed income.\*\*

Our short-term targets now include:

- Reducing our default funds' footprint by another 14% between 2023 and 2026.
- Engaging via our asset managers with companies representing at least 70% of our financed emissions (scope 1, 2 and 3) through direct or collective engagement by 2025.
- Investing £500 million in climate solutions by 2026.

**You can find out more about our climate roadmap, accompanying videos and other information on our approach to responsible investment on our website.**

Climate data is supplied by MSCI and based on available funds and available scope 1 and scope 2 emissions reported, verified or estimated, for June 2024. It is likely to change notably in the coming years. Scope 1 emissions are direct GHG emissions that occur from sources owned or controlled by the reporting company. Scope 2 emissions are indirect GHG emissions from the generation of purchased or acquired electricity, steam heating or cooling consumed by the reporting company. Aegon UK's operational net-zero commitment covers our scope 1 and 2 emissions.

\*\*Our target setting and methodologies are guided by the Paris Aligned Investment Initiative Net Zero Investment Framework 1.0. We monitor them annually and review them at least every two years. The targets might change as new data and information become available. Short- and medium-term emissions targets use a 2020 baseline and cover listed equity and corporate fixed income, representing 84% of our default funds, excluding cash.

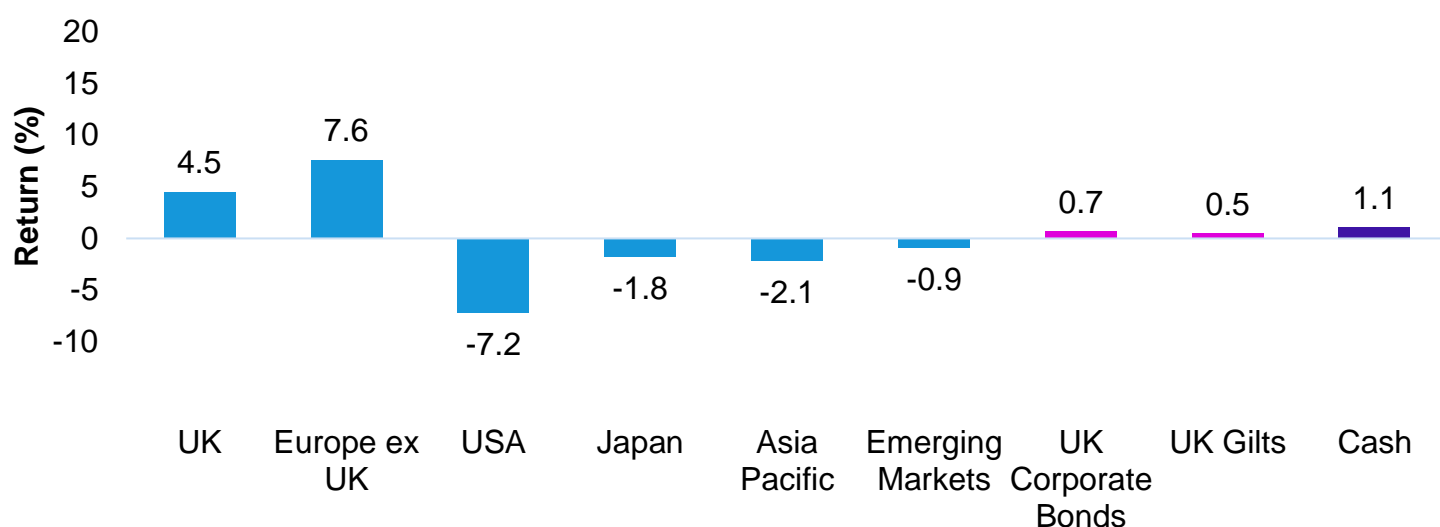
Source: Aegon UK



# Market Review – quarter one 2025

The first quarter of 2025 was driven by uncertainty as President Donald Trump began his second term in the US with sweeping executive orders, including tariffs on Canada, China and Mexico. This caused a shift in markets with **Europe** leading performance as Germany announced increased government spending. **UK** equities also performed positively over the quarter. **Emerging Markets** equities slightly underperformed but were boosted by strong returns from Chinese stocks despite the threat of US tariffs. **Japan** saw equities decline, especially at the end of the quarter, as fears over trade and tariffs hit markets. **Asia Pacific** also had negative performance over the period. **US** equities were the notable underperformer amid concerns about economic data, the potential negative impacts of Trump's trade policy, and a weak US dollar.

**Fixed Income** returns were muted over the quarter. **UK corporate bonds** saw marginal returns and **UK government bonds** (gilts) fluctuated over the period due to worries about government borrowing costs. **Cash** returns were positive.



## Investment Index

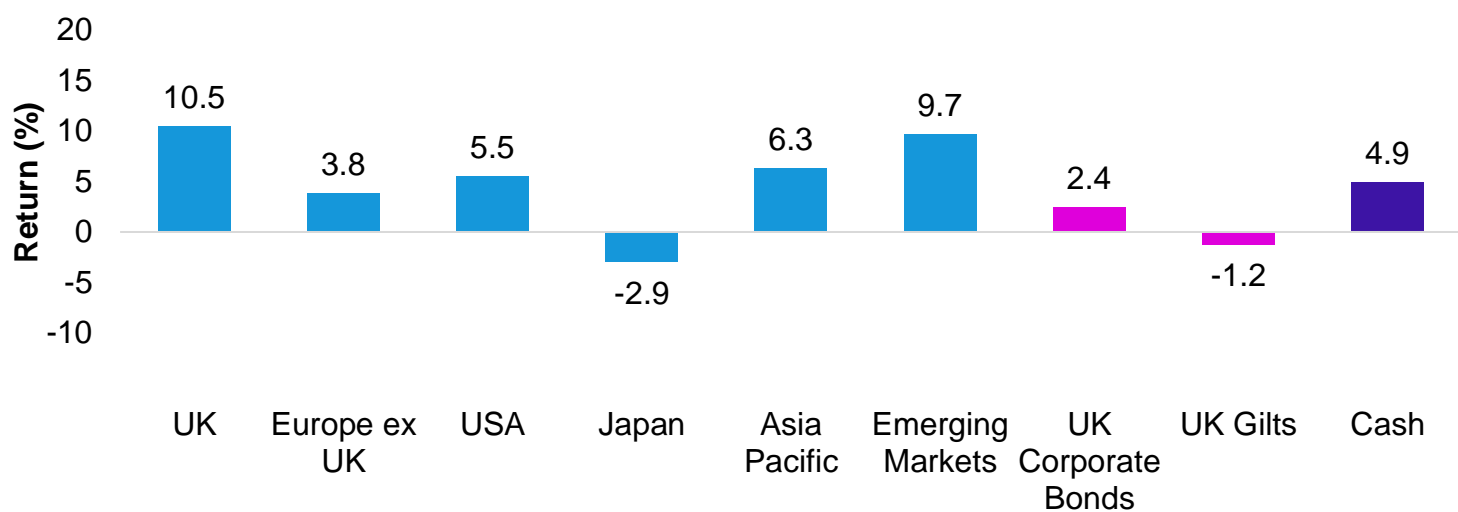
- UK equities - FTSE All Share TR in GBP
- Europe ex UK equities - FTSE World Europe ex UK GTR in GBP
- US equities - S&P 500 TR in GBP
- Japanese equities -TSE TOPIX TR in GBP
- Asia Pacific equities - FTSE Asia Pacific ex Japan GTR in GBP
- Emerging Markets equities - FTSE Emerging GTR in GBP
- UK Corporate Bonds - IBOXX UK Sterling Non-Gilts All Maturities TR in GBP
- UK Gilts - FTSE Actuaries UK Conventional Gilts All Stocks TR in GBP
- Cash - SONIA

Source: FE fundinfo, produced by Aegon. Charts compiled using total return indices to 31 March 2025. Figures in sterling so include the effect of currency fluctuations. Past performance isn't a reliable guide to future performance.

## Major market performance over 12 months

Global equities were mostly positive over the 12-month period, however there was a reversal in market leadership as the US lost ground, especially over the last quarter. **UK** equities took the lead. **Emerging Markets** and **Asia Pacific** equities gained momentum from technology stock performance in China and Taiwan. **US** equities were weaker against this backdrop and mounting concerns over the growth implications of the new government's policy agenda towards the end of the period. **European** equities were positive. **Japanese** equities underperformed in sterling terms due to fears about US tariffs despite broadly positive domestic economic trends.

**Fixed Income** saw positive returns for **UK corporate bonds**, but **UK government bonds** (gilts) struggled to keep up as anxiety about global trade grew. **Cash** performed positively over the period although gold was the standout performer as demand for the safe-haven asset increased with geopolitical tensions and trade uncertainty.



### Investment Index

- UK equities - FTSE All Share TR in GBP
- Europe ex UK equities - FTSE World Europe ex UK GTR in GBP
- US equities - S&P 500 TR in GBP
- Japanese equities -TSE TOPIX TR in GBP
- Asia Pacific equities - FTSE Asia Pacific ex Japan GTR in GBP
- Emerging Markets equities - FTSE Emerging GTR in GBP
- UK Corporate Bonds - IBOXX UK Sterling Non-Gilts All Maturities TR in GBP
- UK Gilts - FTSE Actuaries UK Conventional Gilts All Stocks TR in GBP
- Cash - SONIA

Source: FE fundinfo, produced by Aegon. Charts compiled using total return indices to 31 March 2025. Figures in sterling so include the effect of currency fluctuations. Past performance isn't a reliable guide to future performance.

## Key events in the major markets over quarter one



In the **UK**, data released over quarter one showed the UK economy grew by 0.1% in Q4 2024. Consumer price inflation (CPI) rose by 2.8% in the 12 months to February, moving further from the Bank of England (BoE) target of 2%. The Chancellor's Spring Statement broadly reassured markets that revenue and borrowing targets would not be missed. The BoE reduced interest rates to 4.5% in February and voted to stick at that level in March.



In the **US**, the release of Q4 2024 data showed the economy continued to grow but at a slower pace, increasing at an annual rate of 2.4%, compared to 3.1% in Q3. The Federal Reserve's (the central bank) preferred measure of inflation, the Personal Consumption Expenditures (PCE) index remained at 2.5% in February, unchanged from the previous month. Interest rates were maintained at the 4.25%-4.5% range. The new President's emphasis on government efficiency and cost-cutting, alongside trade tariffs, caused increased uncertainty around the future of the US economy during the quarter.



In **Europe**, data released over the period showed no growth for Q4 2024, as the two largest economies (Germany and France) both saw a contraction in growth during a period of political instability. The inflation rate in the EU decreased from 2.5% in January to 2.2% in March, approaching the European Central Bank (ECB) target of 2% as energy costs declined. With inflation progress on track, the ECB continued lowering interest rates with cuts in February and March bringing the rate to 2.5%. In Germany, following the February election win by the conservative CDU-CSU parties, the parliament approved Chancellor-in-waiting Friedrich Merz's plan to loosen strict fiscal rules for defence spending and establish a €500 billion infrastructure fund.



In **Japan**, data released over the period showed growth of 0.6% in Q4 2024. Annual wage and price inflation continued at high rates of over 3%. The Bank of Japan continued to increase interest rates to a 17-year high, hitting 0.5% in January. Japanese listed companies reported record profits levels over the quarter, on the back of positive growth and structural reforms.



The **Asia Pacific** region saw negative performance overall. There was strong performance from the Hong Kong stock market as the Chinese government increased economic support and expectations were raised for the future of Chinese artificial intelligence (AI). However, the Taiwanese stock market saw poorer performance over the quarter. The Reserve Bank of Australia cut interest rates from 4.35% to 4.1% for the first time since 2020 as inflation pressures eased.



**Emerging Markets** were overshadowed by news of US trade policy, as President Donald Trump announced tariffs on both China and Mexico causing significant uncertainty. The Reserve Bank of India lowered its interest rate from 6.5% to 6.25% in February, marking the first reduction since May 2020.



In **Fixed Income**, the first quarter of 2025 saw inflation rates for developed markets increasing at the start before coming back down. This led to some central banks, such as the BoE and the ECB, reducing interest rates. The Federal Reserve maintained rates in line with expectations. UK gilt yields initially rose in January, before falling then increasing again to just above the start point at the end of March. Government bond yields fell in the US, reflecting economic policy uncertainty. When bond yields rise, prices tend to fall and vice versa. Corporate bonds provided a positive return.

Source: Aegon UK Portfolio Management team, April 2025



# Our key lifestyle default funds (growth stage) – blended solutions

## Universal Lifestyle Collection (Universal Balanced Collection)

The Universal Lifestyle Collection (ULC) uses a two-stage investment process called lifestyling. In the early years (the growth stage) it invests wholly in the Universal Balanced Collection (UBC). The UBC invests in a mix of different funds, from different fund managers, offering a mix of active and passive fund management, which means it

doesn't rely on the performance of one manager or management style alone.

We review our lifestyle funds from time to time and may change how they work if we believe this to be in the best interests of investors.

## How has the fund performed?

Fund	3 months (%)	12 months (%)	3 years (% a year)	5 years (% a year)	10 years (% a year)
<b>Universal Lifestyle Collection (ULC)</b>	-4.5	1.6	2.7	7.9	5.6
ABI Mixed Investment 40% - 85% Shares pension sector median	-0.3	3.7	3.1	7.6	5.0
<b>ULC component funds:</b>					
Aegon Diversified	-4.7	1.4	2.5	7.9	n/a
Aegon AAM Multi Asset Credit Fund	1.9	6.1	4.9	8.8	6.7
Aegon AM Global Sustainable Sovereign Bond	0.7	2.3	-1.1	n/a	n/a
Aegon BlackRock World ESG Insights Equity Fund*	n/a	n/a	n/a	n/a	n/a

\*No performance information shown as fund was launched less than 12 months ago.

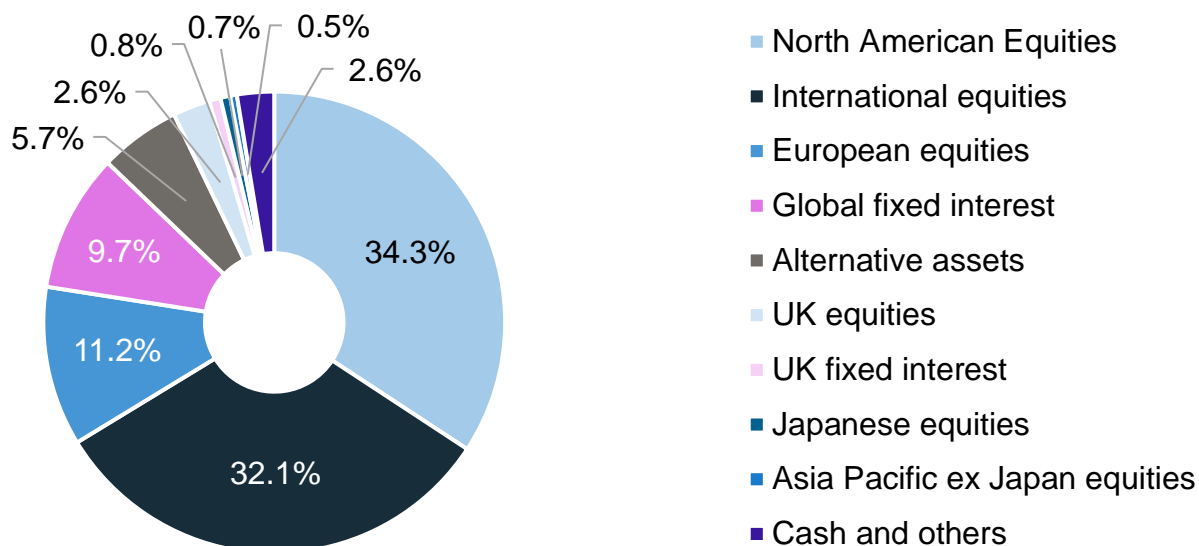
Source: FE fundinfo. Produced by Aegon. Figures in £s on a bid-to-bid basis, net of charges with gross income reinvested to 31 March 2025.

Past performance is not a reliable guide to future performance. The value of investments can go down as well as up for a number of reasons, for example market and currency movements. Investors may get back less than they invest.



## Where the fund invests

In the growth stage, the Universal Lifestyle Collection invests in a mix of investments designed to grow an investor's pension. The chart below shows where the fund invested at an asset class and regional level, at 31 March 2025.



Source: FE fundinfo, produced by Aegon UK. Figures may not add up to exactly 100% due to rounding.

## Universal Lifestyle fund commentary covering quarter one 2025

The Universal Lifestyle Collection (ULC) had a negative return of -4.5% over quarter one 2025, underperforming the Association of British Insurers (ABI) Mixed Investment 40-85% Shares pension sector median return of -0.3%.

The Aegon Diversified fund, which makes up approximately 80% of the ULC, saw the largest losses, reflecting challenging global market conditions for equities over the quarter. The Aegon AAM Multi Asset Credit fund had positive returns of 1.9% over the quarter and the Aegon AM Global Sustainable Sovereign Bond fund returned 0.7%.

# Our key lifestyle default funds (growth stage) – Active

## Cautious Lifestyle (Distribution)

The Cautious Lifestyle fund uses a two-stage investment process called lifestyling. It aims to perform better than its benchmark in the early years (the growth stage) and give you more certainty about the amount of pension you can buy via an annuity when you retire (the lifestyle stage). Growth stage: During the early years of your investment, the Cautious Lifestyle fund

aims to provide long-term capital growth by investing in a portfolio of global equities (shares) which typically deliver a yield higher than that generally available from investment in global equities. The fund also invests in global fixed interest securities (bonds) and in derivatives.

## How has the fund performed?

Performance	3 months (%)	12 months (%)	3 years (% a year)	5 years (% a year)	10 years (% a year)
Cautious Lifestyle	-0.1	1.9	2.0	4.7	2.8
Benchmark*:	0.6	3.6	1.5	4.9	3.0

Source: FE fundinfo. Produced by Aegon. Figures in £s on a bid-to-bid basis, net of charges with gross income reinvested to 31 March 2025.

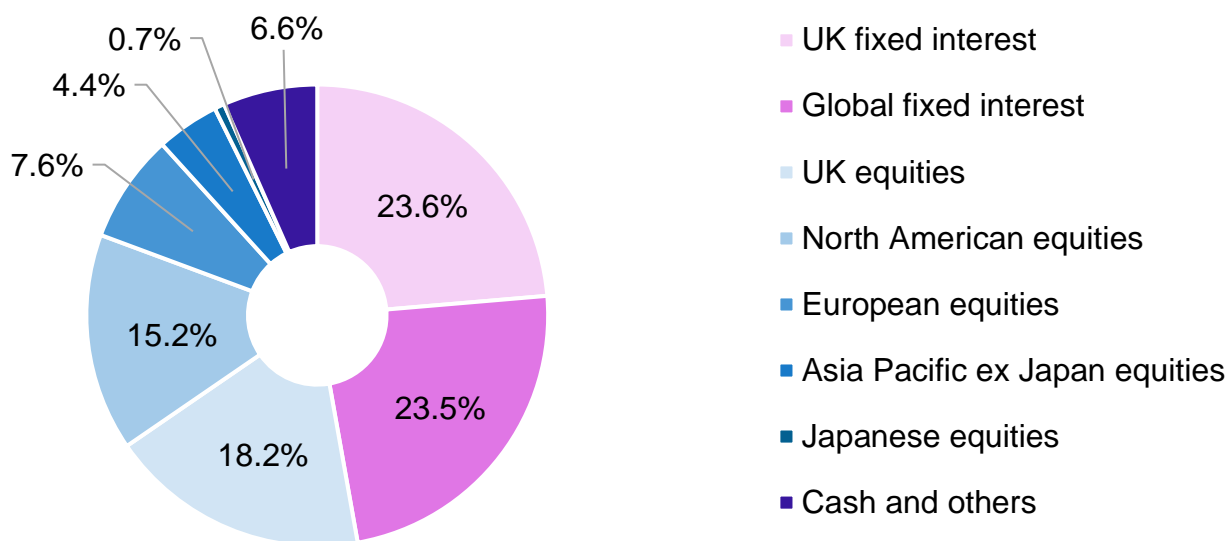
Past performance is not a reliable guide to future performance. The value of investments can go down as well as up for a number of reasons, for example market and currency movements. Investors may get back less than they invest.

\*This fund is currently measured against the ABI Mixed Investment 20%-60% Shares pension sector median.



## Where the fund invests

In the growth stage, the Cautious Lifestyle fund invests in a mix of investments designed to grow an investor's pension. The chart below shows where the fund invested at an asset class and regional level, at 31 March 2025.



Source: FE fundinfo, produced by Aegon UK. Figures may not add up to exactly 100% due to rounding.

## Cautious Lifestyle (Distribution) fund commentary covering quarter one 2025

The fund returned -0.1% over the quarter, underperforming the benchmark return of 0.6%.

In equities, although the UK market performed well, the fund's weighting towards a recovering UK (which the FTSE 250 is more correlated to) led to underperformance. At the sector level, many of the more defensive areas fared well including healthcare, tobacco, aerospace, defence, and telecoms. Financials and energy also delivered positive returns for the fund. In contrast, some of the more cyclical and interest

rate sensitive sectors underperformed including consumer discretionary goods and services, basic materials, and construction.

Within the fixed income portfolio, the fund's holding in British Land was a strong performer. New issues were also added from Severn Trent, Carlsberg and Wessex Water.

Source: Aegon Asset Management, April 2025

## Balanced Lifestyle (Mixed)

The fund uses a two-stage investment process called lifestyling. It aims to perform better than its benchmark in the early years (the growth stage) and give you more certainty about the amount of pension you can buy via an annuity when you retire (the lifestyle stage). Growth stage: the fund aims to provide long-term capital growth by investing wholly in our Mixed

fund, which aims to produce returns greater than the ABI Mixed Investment 40- 85% Shares sector median over the long term. It invests in a diversified portfolio of mainly UK equities (shares), but also overseas equities, fixed interest securities and cash.

## How has the fund performed?

Performance	3 months (%)	12 months (%)	3 years (% a year)	5 years (% a year)	10 years (% a year)
Balanced Lifestyle	-1.0	2.4	2.2	6.8	5.4
Benchmark*:	-0.3	3.7	3.1	7.6	5.0

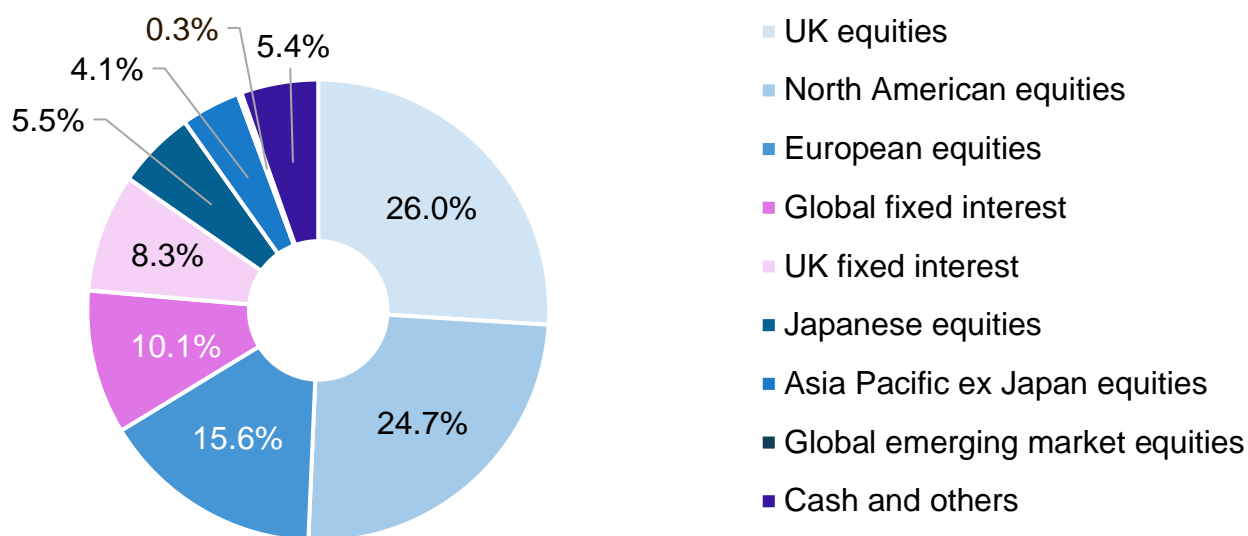
Source: FE fundinfo. Produced by Aegon. Figures in £s on a bid-to-bid basis, net of charges with gross income reinvested to 31 March 2025.

Past performance is not a reliable guide to future performance. The value of investments can go down as well as up for a number of reasons, for example market and currency movements. Investors may get back less than they invest.

\*This fund is currently measured against the ABI Mixed Investment 40%-85% Shares pension sector median.

## Where the fund invests

In the growth stage, the Balanced Lifestyle fund invests in a mix of investments designed to grow an investor's pension. The chart below shows where the fund invested at an asset class and regional level, at 31 March 2025.



Source: FE fundinfo, produced by Aegon UK. Figures may not add up to exactly 100% due to rounding.

## Balanced Lifestyle (Mixed) fund commentary covering quarter one 2025

The fund had negative returns of -1.0% over the quarter, underperforming the benchmark return of -0.3%.

The fund's asset allocation in equities contributed positively to overall returns on a relative basis. However, stock selection in UK and US equities detracted the most value.

The contribution from the fund's allocation to fixed income was flat over the quarter. Overseas and UK fixed income performed positively for the fund during the quarter.

Source: Aegon Asset Management, April 2025

## Dynamic Lifestyle (Global)

The fund uses a two-stage investment process called lifestyling. It aims to perform better than its benchmark in the early years (the growth stage) and give you more certainty about the amount of pension you can buy via an annuity when you retire (the lifestyle stage). Growth stage: the fund aims to provide long-term

capital growth by investing wholly in our Global fund, which in turn invests in several of our regional and specialist funds. The Global fund mainly invests in equities (shares) in a range of international companies but may also hold a small proportion in fixed income (bonds) and cash.

### How has the fund performed?

Performance	3 months (%)	12 months (%)	3 years (% a year)	5 years (% a year)	10 years (% a year)
Dynamic Lifestyle	-4.4	1.9	4.6	12.1	9.1
Benchmark*:	-3.6	3.2	5.9	12.4	8.3

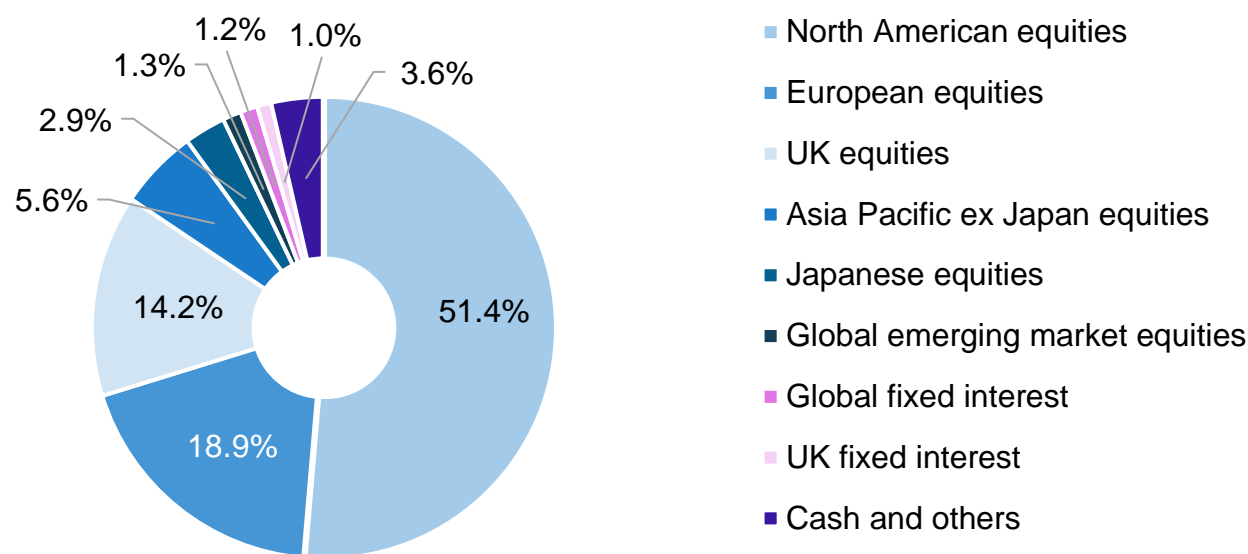
Source: FE fundinfo. Produced by Aegon. Figures in £s on a bid-to-bid basis, net of charges with gross income reinvested to 31 March 2025.

Past performance is not a reliable guide to future performance. The value of investments can go down as well as up for a number of reasons, for example market and currency movements. Investors may get back less than they invest.

\*This fund is currently measured against the ABI Global Equities pension sector median.

Where the fund invests

In the growth stage, the Dynamic Lifestyle fund invests in a mix of investments designed to grow an investor's pension. The chart below shows where the fund invested at an asset class and regional level, at 31 March 2025.



Source: FE fundinfo, produced by Aegon UK. Figures may not add up to exactly 100% due to rounding.

Dynamic Lifestyle (Global) fund commentary quarter one 2025

The fund had negative returns of -4.4% over the quarter, underperforming the benchmark returns of -3.6%.

Source: Aegon Asset Management, April 2025.

The fund’s asset allocation in equities contributed positively to overall returns on a relative basis. However, stock selection in US, UK and European equities detracted the most value.

## Ethical Lifestyle (Ethical)

This fund uses a two-stage investment process called lifestyling. In the early years (the growth stage) it invests wholly in the Ethical fund, which aims to maximise its total return (the combination of income plus capital growth) by investing in equities (shares) and equity type securities of companies based in the UK, mainly conducting business in the UK or listed

on the UK stockmarket, which meet the fund's predefined ethical criteria. We review our lifestyle funds from time to time and may change how they work if we believe this to be in the best interests of investors.

## How has the fund performed?

Performance	3 months (%)	12 months (%)	3 years (% a year)	5 years (% a year)	10 years (% a year)
Ethical Lifestyle	-5.8	-1.2	0.9	6.4	3.0
Benchmark*:	4.5	10.5	7.2	12.0	6.2
ABI Sector*:	2.3	7.6	5.1	10.5	4.7

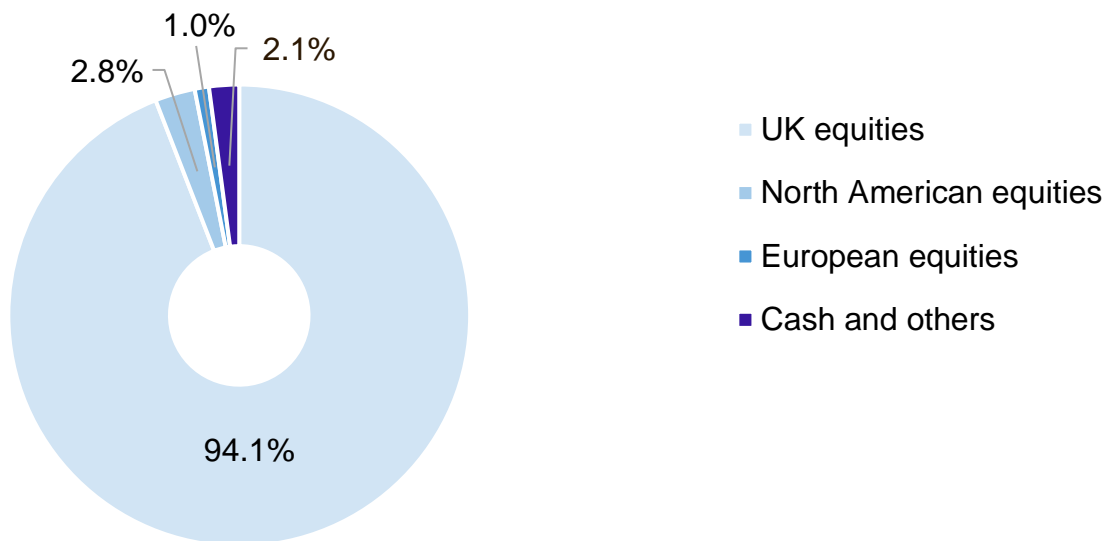
Source: FE fundinfo. Produced by Aegon. Figures in £s on a bid-to-bid basis, net of charges with gross income reinvested to 31 March 2025.

Past performance is not a reliable guide to future performance. The value of investments can go down as well as up for a number of reasons, for example market and currency movements. Investors may get back less than they invest.

\*This fund is currently measured against the FTSE All-Share TR Index benchmark and the ABI UK All Companies pension sector median.

## Where the fund invests

In the growth stage, the Ethical Lifestyle (Ethical) fund invests in a mix of investments designed to grow an investor's pension. The chart below shows where the fund invested at an asset class and regional level, at 31 March 2025.



Source: FE fundinfo, produced by Aegon UK. Figures may not add up to exactly 100% due to rounding.

We've committed to transitioning our default fund range to net-zero greenhouse gas emissions by 2050. Individual funds don't have net-zero targets. This fund will exclude or include investments based on responsible investment

criteria. As investors move towards their target retirement date, the amount invested in these types of holdings will change as a part of that process. **You can read more about this in the fund factsheet on our website.**

## Ethical Lifestyle (Ethical) fund commentary covering quarter one 2025

The fund returned -5.8%, underperforming the benchmark returns of 4.5% over the quarter. The market backdrop made for a challenging quarter for the fund.

Over the quarter, the UK market was led by areas such as tobacco, aerospace and defence, telecoms, financials and energy, most of which are heavily constrained by the fund's ethical screens. Similarly, the fund's tilt towards UK mid and small caps meant it missed out on the strong outperformance from UK large caps.

The key detractors at the stock level were predominantly mid and small cap names and those exposed to consumer or industrial spending. These included Trainline, Trustpilot, Oxford Instruments, Watches of Switzerland Group and Gamma Communications. Despite these, there were still some encouraging contributions from a range of holdings including NatWest, Prudential, Bytes Technology and National Grid.

Source: Aegon Asset Management, April 2025.



# Our key lifestyle default funds (growth stage) – Passive

In this section, you'll find information on the investment performance of the passive funds most commonly used as default funds by our corporate pension clients.

## Balanced Passive Lifestyle

This fund uses a two-stage investment process called lifestyling. In the early years (the growth stage) it invests in our Balanced Passive fund. It's passively managed and invests mainly in UK and overseas equities (shares of companies), fixed interest investments (bonds) and cash. We review our lifestyle funds from time to time and may change how they work if we believe this to be in the best interests of investors.

## How has the fund performed?

Performance	3 months (%)	12 months (%)	3 years (% a year)	5 years (% a year)	10 years (% a year)
Balanced Passive Lifestyle	-0.6	3.8	3.8	7.9	5.5
Benchmark*:	-0.6	3.3	2.6	7.1	4.7

Source: FE fundinfo. Produced by Aegon. Figures in £s on a bid-to-bid basis, net of charges with gross income reinvested to 31 March 2025.

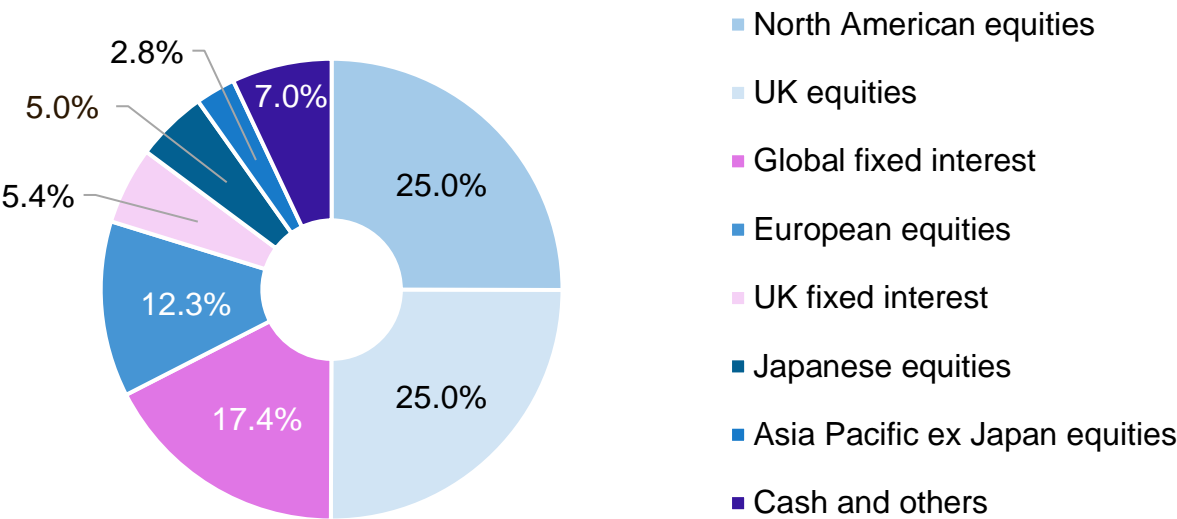
Past performance is not a reliable guide to future performance. The value of investments can go down as well as up for a number of reasons, for example market and currency movements. Investors may get back less than they invest.

\*This fund is currently measured against the ABI Mixed Investment 40% - 85% Shares pension sector average.

Where the fund invests

This fund is passively managed, so it aims to broadly match the performance of the Association of British Insurers (ABI) Mixed Investment 40%-85% Shares sector average. The fund’s performance may not always precisely track the average. For example, when market conditions offer particularly strong opportunities to actively managed funds, the fund’s returns may be lower than the sector average.

The chart below shows where the fund invested at an asset class and regional level, at 31 March 2025.



Source: FE fundinfo, produced by Aegon UK. Figures may not add up to exactly 100% due to rounding.

## Stakeholder Default

This fund uses a two-stage investment process. In the early years (the growth stage) it aims to grow savings over the long term by investing mainly (generally at least 65%) in global equities (company shares) with the remainder in bonds (corporate and/or government bonds) and/or cash.

It's designed to track the markets it invests in, so performance should be similar to those markets. We review our lifestyle funds from time to time and may change how they work if we believe this to be in the best interests of investors.

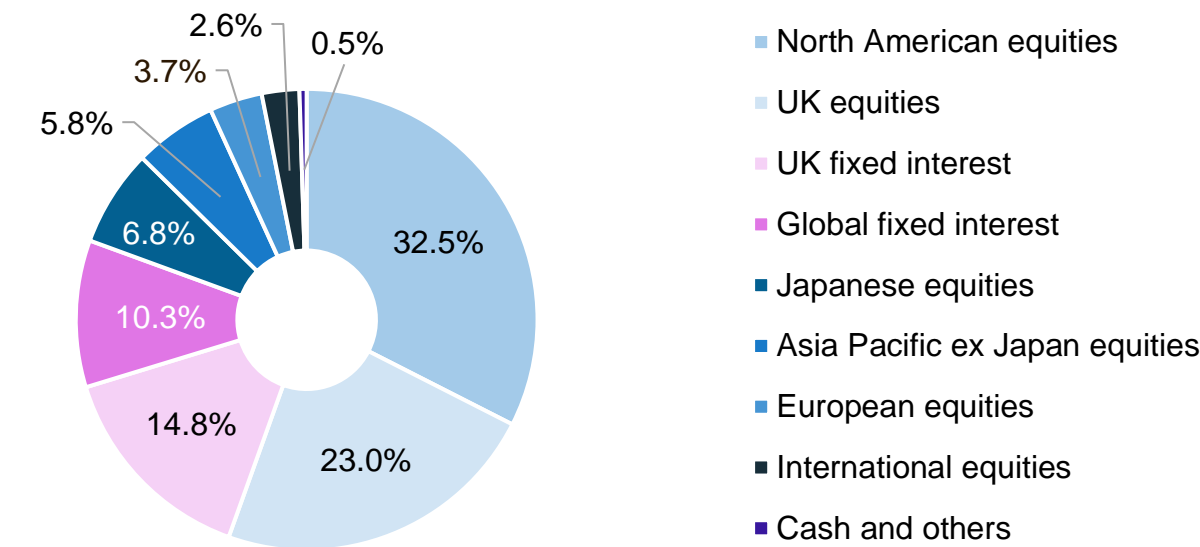
## How has the fund performed?

Performance	3 months (%)	12 months (%)	3 years (% a year)	5 years (% a year)	10 years (% a year)
Stakeholder Default	-1.4	2.9	3.2	7.8	5.5

Source: FE fundinfo. Produced by Aegon. Figures in £s on a bid-to-bid basis, net of charges with gross income reinvested to 31 March 2025. Past performance is not a reliable guide to future performance. The value of investments can go down as well as up for a number of reasons, for example market and currency movements. Investors may get back less than they invest.

## Where the fund invests

In the growth stage, the Stakeholder Default fund invests in a mix of investments designed to grow an investor's pension. The chart below shows where the fund invested at an asset class and regional level, at 31 March 2025.



Source: FE fundinfo, produced by Aegon UK. Figures may not add up to exactly 100% due to rounding.

## GPP Default

This fund uses a two-stage investment process. In the early years (the growth stage) it aims to grow savings over the long term by investing mainly (generally at least 65%) in global equities (company shares) with the remainder in bonds (corporate and/or government bonds) and/ or cash. It's designed to track the markets it invests in, so performance should be similar to those markets.

We reserve the right to change our lifestyle funds. The fund is only available to Aegon Group Personal Pension planholders whose scheme started on or after 1 December 2008.

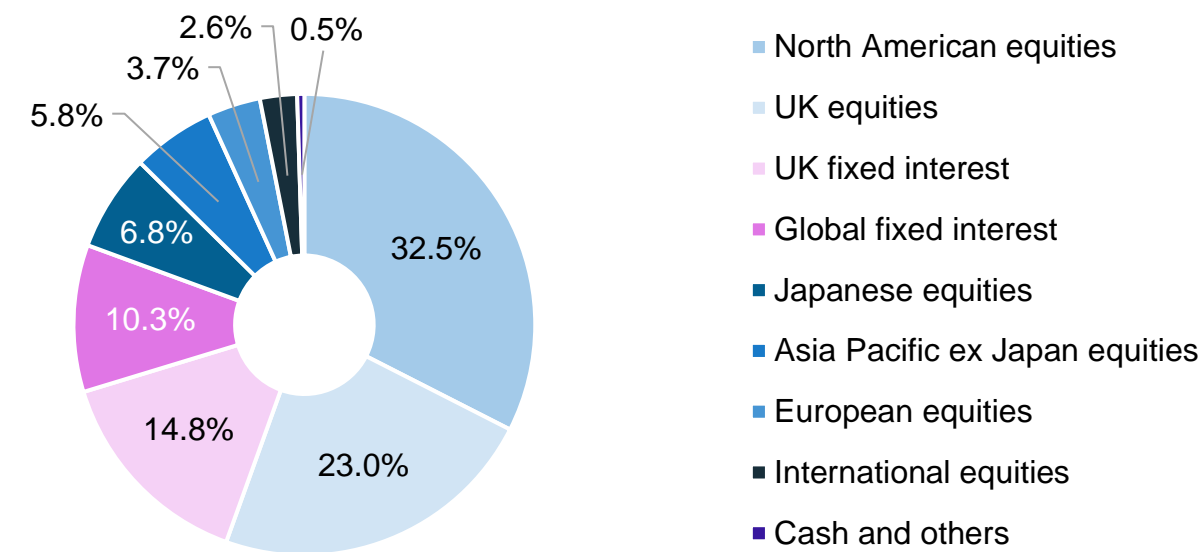
## How has the fund performed?

Performance	3 months (%)	12 months (%)	3 years (% a year)	5 years (% a year)	10 years (% a year)
GPP Default	-1.4	2.9	3.1	7.8	5.5

Source: FE fundinfo. Produced by Aegon. Figures in £s on a bid-to-bid basis, net of charges with gross income reinvested to 31 March 2025. Past performance is not a reliable guide to future performance. The value of investments can go down as well as up for a number of reasons, for example market and currency movements. Investors may get back less than they invest.

## Where the fund invests

In the growth stage, the Stakeholder Default fund invests in a mix of investments designed to grow an investor's pension. The chart below shows where the fund invested at an asset class and regional level, at 31 March 2025.



Source: FE fundinfo, produced by Aegon UK. Figures may not add up to exactly 100% due to rounding.

## Aegon BlackRock 50/50 Equity and Bond Tracker Lifestyle

This fund uses a two-stage investment process called lifestyling. In the early years (the growth stage) it aims for returns consistent with the markets it invests in by investing 50% in UK and overseas equities (shares) and 50% in gilts and sterling investment-grade corporate bonds

with maturity periods of 15 years or longer. We review our lifestyle funds from time to time and may change how they work if we believe this to be in the best interests of investors.

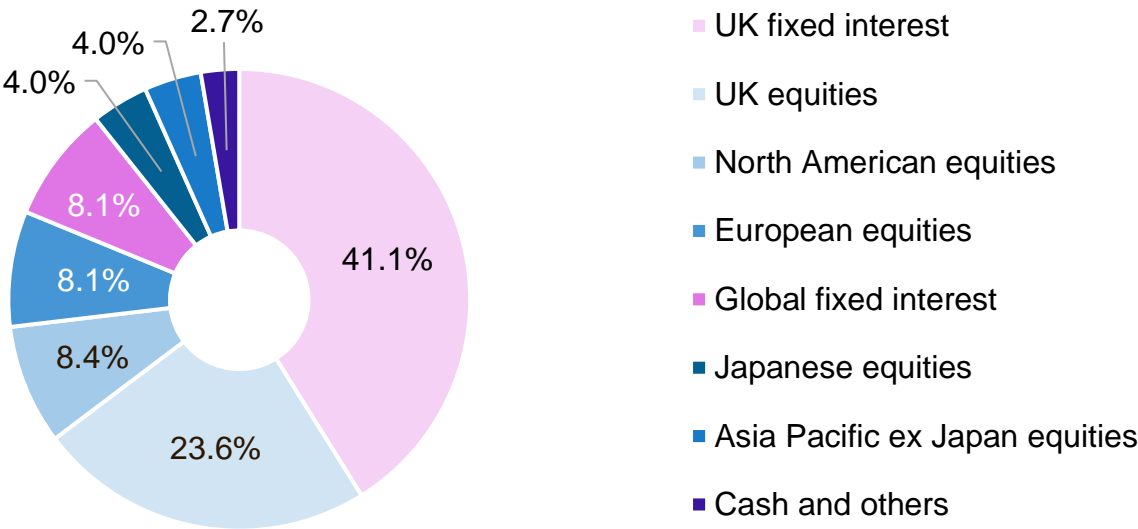
### How has the fund performed?

Performance	3 months (%)	12 months (%)	3 years (% a year)	5 years (% a year)	10 years (% a year)
Aegon BlackRock 50/50 Equity & Bond Tracker Lifestyle	0.4	-1.1	-3.3	0.9	2.4

Source: FE fundinfo. Produced by Aegon. Figures in £s on a bid-to-bid basis, net of charges with gross income reinvested to 31 March 2025. Past performance is not a reliable guide to future performance. The value of investments can go down as well as up for a number of reasons, for example market and currency movements. Investors may get back less than they invest.

### Where the fund invests

In the growth stage, the Aegon BlackRock 50/50 Equity and Bond Tracker Lifestyle fund invests in a mix of investments designed to grow an investor’s pension. The chart below shows where the fund invested at an asset class and regional level, at 31 March 2025.



Source: FE fundinfo, produced by Aegon UK. Figures may not add up to exactly 100% due to rounding.

## Aegon BlackRock 50/50 Global Equity Tracker Lifestyle

This fund uses a two-stage investment process called lifestyling. In the early years (the growth stage) it aims to provide returns consistent with the markets it invests in by investing in the Aegon BlackRock 50/50 Global Equity Tracker fund. This fund invests approximately 50% in

UK equities (shares) and 50% in overseas equities (excluding the UK). We review our lifestyle funds from time to time and may change how they work if we believe this to be in the best interests of investors.

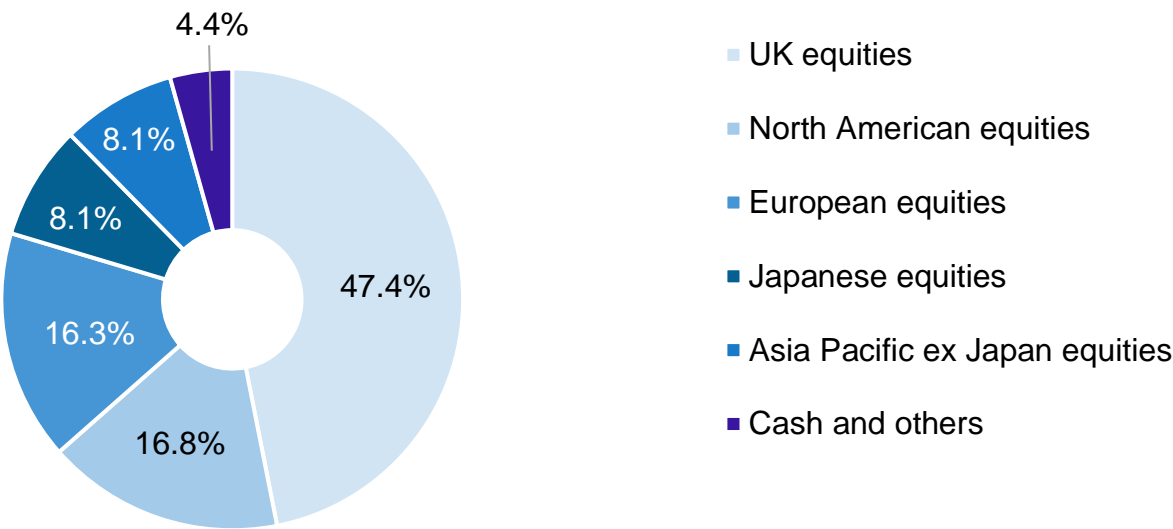
### How has the fund performed?

Performance	3 months (%)	12 months (%)	3 years (% a year)	5 years (% a year)	10 years (% a year)
Aegon BlackRock 50/50 Global Equity Tracker Lifestyle	1.3	4.7	5.6	11.3	6.6

Source: FE fundinfo. Produced by Aegon. Figures in £s on a bid-to-bid basis, net of charges with gross income reinvested to 31 March 2025. Past performance is not a reliable guide to future performance. The value of investments can go down as well as up for a number of reasons, for example market and currency movements. Investors may get back less than they invest.

### Where the fund invests

In the growth stage, the Aegon BlackRock 50/50 Global Equity Tracker Lifestyle fund invests in a mix of investments designed to grow an investor’s pension. The chart below shows where the fund invested at an asset class and regional level, at 31 March 2025.



Source: FE fundinfo, produced by Aegon UK. Figures may not add up to exactly 100% due to rounding.

## Aegon BlackRock 75/25 Equity and Bond Tracker Lifestyle

This fund uses a two-stage investment process called lifestyling. In the early years (the growth stage) it aims to provide returns consistent with the markets it invests in by investing wholly in the Aegon BlackRock 75/25 Equity and Bond Tracker fund, which invests approximately 75% in UK and overseas equities (shares) and the

rest in fixed interest securities (bonds). We review our lifestyle funds from time to time and may change how they work if we believe this to be in the best interests of investors.

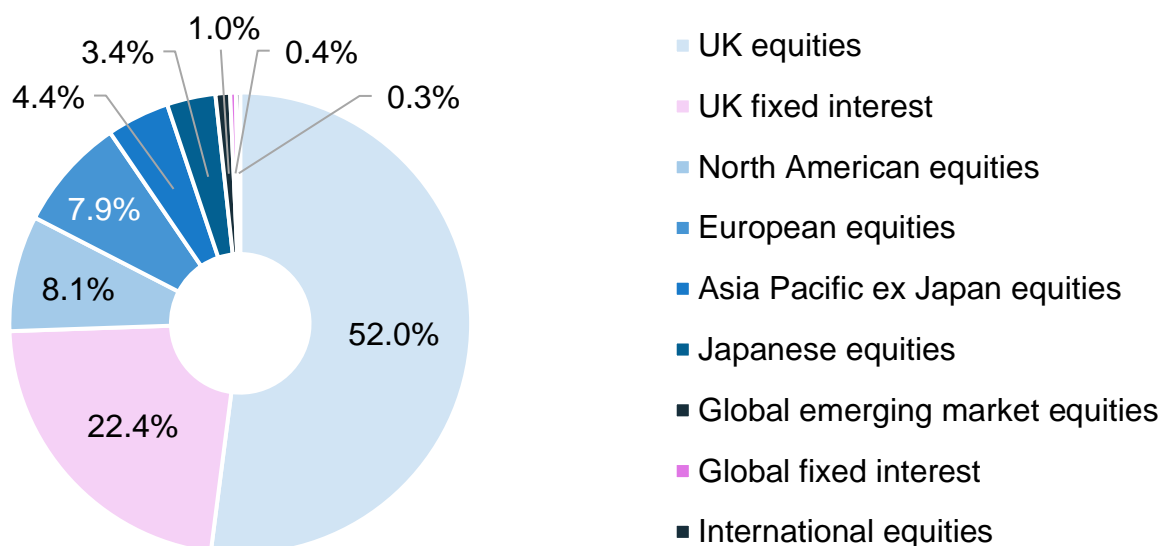
### How has the fund performed?

Performance	3 months (%)	12 months (%)	3 years (% a year)	5 years (% a year)	10 years (% a year)
Aegon BlackRock 75/25 Equity and Bond Tracker Lifestyle	0.8	1.9	-0.4	4.8	3.6

Source: FE fundinfo. Produced by Aegon. Figures in £s on a bid-to-bid basis, net of charges with gross income reinvested to 31 March 2025. Past performance is not a reliable guide to future performance. The value of investments can go down as well as up for a number of reasons, for example market and currency movements. Investors may get back less than they invest.

### Where the fund invests

In the growth stage, the Aegon BlackRock 75/25 Equity and Bond Tracker Lifestyle fund invests in a mix of investments designed to grow an investor's pension. The chart below shows where the fund invested at an asset class and regional level, at 31 March 2025.



Source: FE fundinfo, produced by Aegon UK. Figures may not add up to exactly 100% due to rounding.



## Aegon BlackRock Consensus Lifestyle

This fund uses a two-stage investment process called lifestyling. In the early years (the growth stage) it aims to match the performance of the ABI Mixed Investment 40-85% Shares pension sector average after charges by investing mainly in UK and overseas equities (shares),

fixed interest and cash. We review our lifestyle funds from time to time and may change how they work if we believe this to be in the best interests of investors.

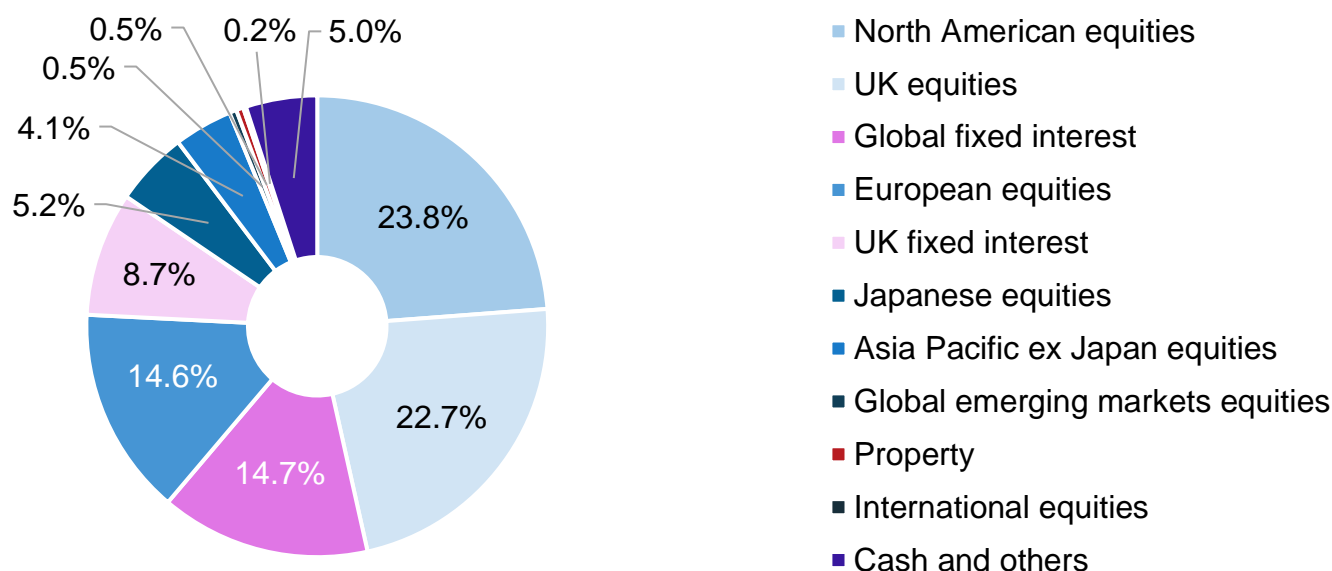
### How has the fund performed?

Performance	3 months (%)	12 months (%)	3 years (% a year)	5 years (% a year)	10 years (% a year)
Aegon BlackRock Consensus Lifestyle	-0.9	2.7	3.2	7.2	5.1

Source: FE fundinfo. Produced by Aegon. Figures in £s on a bid-to-bid basis, net of charges with gross income reinvested to 31 March 2025. Past performance is not a reliable guide to future performance. The value of investments can go down as well as up for a number of reasons, for example market and currency movements. Investors may get back less than they invest.

### Where the fund invests

In the growth stage, the Aegon BlackRock Consensus fund invests in a mix of investments designed to grow an investor's pension. The chart below shows where the fund invested at an asset class and regional level, at 31 March 2025.



Source: FE fundinfo, produced by Aegon UK. Figures may not add up to exactly 100% due to rounding.

# Workplace Target funds

We've designed this range in response to changing investment patterns and pension freedoms legislation. Investors now have more choice than ever before about how and when they take an income in retirement.



## Flexible Target

- Universal Balanced Collection
- Adventurous Tracker
- Growth Tracker
- Balanced Tracker
- Ethical Managed



## Annuity Target

- Universal Balanced Collection
- Adventurous Tracker
- Growth Tracker
- Balanced Tracker



## Cash Target

- Growth Tracker

We review our workplace range of funds regularly to keep up to date with changing legislation and customer needs. We may change them if we believe it's in the best interests of investors.

**[Find out more about our Workplace Target funds on our website.](#)**





[aegon.co.uk](https://aegon.co.uk)     [@aegonuk](https://twitter.com/aegonuk)     [Aegon UK](https://www.linkedin.com/company/aegon-uk)

Aegon is a brand name of Scottish Equitable plc (No. SC144517) and Aegon Investment Solutions Ltd (No. SC394519) registered in Scotland, registered office: Edinburgh Park, Edinburgh, EH12 9SE. Both are Aegon companies. Scottish Equitable plc is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Aegon Investment Solutions Ltd is authorised and regulated by the Financial Conduct Authority. Their Financial Services Register numbers are 165548 and 543123 respectively. © 2025 Aegon UK plc.

INV375689 05/25

