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CG Aegon Diversified Monthly Income Fund – Fund Manager Review – November 2026

An outcome-led multi-asset strategy targeting a 5% natural income yield, with the potential for modest capital growth and lower volatility than equity markets.

This review considers the investment philosophy, team, portfolio construction, performance, drawdown experience, risks and potential role within a diversified portfolio and a Centralised Retirement Proposition®. It draws on the 5 November 2026 manager discussion, the Aegon presentation dated 30 September 2026, and supplied fund reporting.

Key conclusion

What interests me is not simply the 5% income target. It is the openness with which the team explains how that income is produced, the ability to alter the balance between bonds, equities and specialist income assets, and its willingness to discuss painful periods without trying to disguise them. The fund has a credible place in a conversation about retirement income, but it is not a capital-preservation fund. Its usefulness depends on what other assets sit alongside it and, importantly, how income is actually taken.

Review completed November 2026. Portfolio and performance figures primarily to 30 September 2026.

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1 Strategy Overview

Launched in February 2014, the CG Aegon Diversified Monthly Income Fund is an actively managed multi-asset portfolio. Its formal objective is to provide income targeting approximately 5% a year, with the potential for capital growth over any five-year period. The distribution target is not guaranteed. Since 3 August 2026 the name includes “CG”.

Characteristic	Position / objective
Managers	Vincent McEntegart and Debbie King
Structure	UK-domiciled UCITS OEIC
Launch	25 February 2014
Sector	IA Mixed Investment 20–60% Shares
Income	Approximately 5% p.a. target; monthly distributions from natural income
Capital	Potential growth over the medium term; capital at risk
Risk intention	Around one-half to two-thirds of global equity volatility
B Inc annual management charge	0.55%; August 2026 ongoing charges figure 0.58%
Historic yield	5.4% (rolling 12 months, based on price 1 October 2026)
Fund size	£910.9m (31 August 2026 factsheet)

The dual objective is important. A strategy designed only to maximise distributions could raise the headline yield by accepting increasingly risky income sources. Here the managers say that income and total return act as checks on each other. Their preference is to generate around 5% income and, over time, some additional capital growth rather than chase the highest available yield.

2 Why This Review Is Interesting

There are many multi-asset income funds. Four aspects of this one stand out from the discussion:

- **Transparency.** The managers show the contribution made by each asset class to projected income and to risk. This has been a feature of the strategy since launch, not a recent marketing addition.
- **Choice.** They have several levers available and can change exposures as the income opportunity set changes without abandoning the underlying objective.
- **Retirement income.** The natural-income share class and the accumulation/unit-sale approach provide two different ways of meeting a withdrawal requirement. They need to be managed and explained differently.
- **Humility.** The team acknowledged that its -9.8% return in 2022 hurt investors, even though other areas of the market fell further. That matters in judging a manager’s culture.

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I would not describe the approach as simple. Managing several asset classes, currency positions and risk exposures is not simple. What appeals is that the team makes a complex portfolio understandable, with evidence of what it owns and where its income comes from.

3 Investment Philosophy and Process

The fund is managed against an outcome rather than a fixed 50/50 or 60/40 benchmark. The multi-asset team decides where capital should sit, drawing on specialist security selection and research across equities, fixed income and real assets. This combines top-down decisions on the mix with bottom-up decisions on the individual investments.

Ideas and positioning are tested against prospective return, income sustainability, valuation, credit quality, sensitivity to interest rates and portfolio risk. Asset allocation is not free of limits: the mandate includes a 20–60% equity range and limits on other major sleeves. The team is therefore flexible, but not unconstrained.

The levers available

Lever	What it can contribute	What changes the decision
Government bonds	Contractual income; potentially less company-specific credit risk	Yields, duration, rates and valuation
Investment-grade / other credit	Coupon income, with varying spread and default risk	Credit spreads, quality and maturity
Global equities	Dividends and the potential for income and capital growth	Business quality, valuations and payout sustainability
Listed property	Rental-backed distributions and potential recovery	Financing costs, property valuations and demand
Infrastructure / renewables	Specialist cash flows and alternative income sources	Regulation, power prices, discount rates and valuations
Currency positions	Carry and an additional source of return/income	FX valuation, volatility and funding conditions

Before 2022, government bonds often yielded only 1–2%, making it more difficult to reach 5% without looking beyond conventional bonds. The portfolio therefore made greater use of listed infrastructure, renewables and other income-generating assets. As bond yields rose, the managers had more choice within fixed income. The overall target did not need to change just because the opportunity set did.

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An important distinction is that these specialist assets are not automatically defensive. Infrastructure or property securities can be affected by rising discount rates and changing financing conditions, even when their underlying cash flows appear relatively predictable.

4 Team and Resources

The fund is co-managed by Vincent McEntegart and Debbie King. The pair draw on Aegon's dedicated global multi-asset resource and specialist equity, bond and real-asset teams. At June 2026 the presentation reported 16 multi-asset professionals, supported by wider investment research and a formal risk-monitoring process.

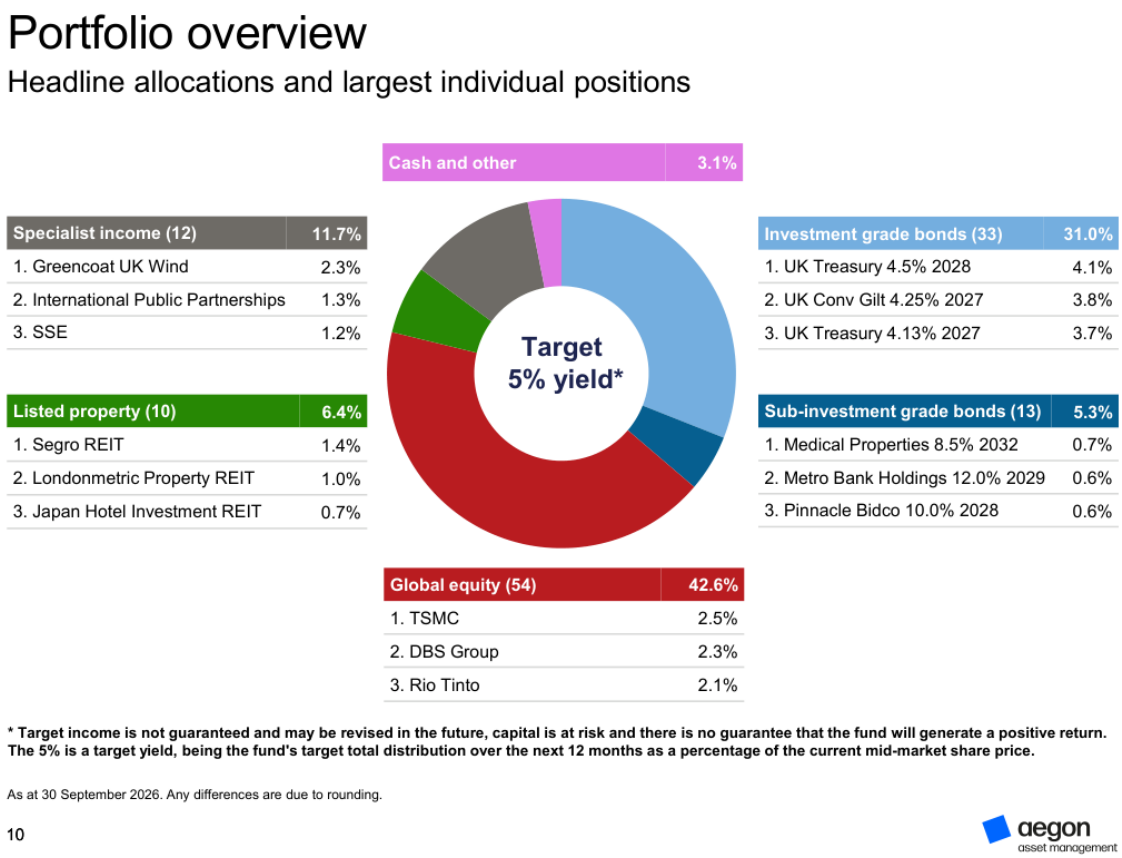
The presentation describes monthly investment policy and asset-allocation meetings, regular asset-class sessions, quarterly CIO-led reviews and ongoing risk monitoring. This is reassuring because an outcome-led portfolio requires coordination: the decisions of the equity, credit and multi-asset teams need to fit together rather than operate as separate funds under one label.

The discussion itself was also useful evidence. The managers were prepared to answer questions about disappointing outcomes, the temptation to increase yield and whether investors could use the strategy in retirement. That openness cannot guarantee future results, but it is a positive cultural signal.

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5 Portfolio Overview: Where the Income Comes From

At 30 September 2026, 42.6% was in global equities, 36.2% in bonds, 11.7% in specialist income, 6.4% in listed property and 3.1% in cash and other. Within bonds, government debt represented 22.5% of the total fund and high-yield debt 7.2%. The presentation showed around 122 securities across the investment sleeves.



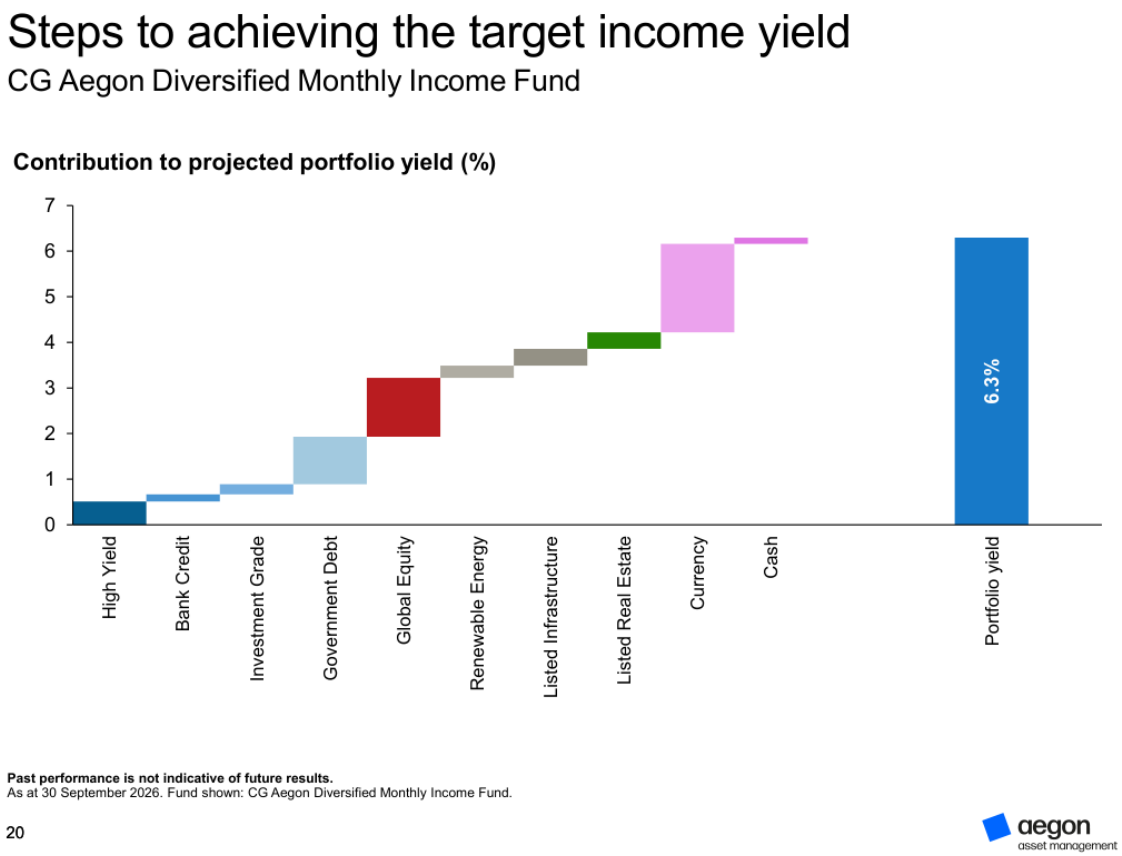
Aegon presentation, slide 10. The portfolio is deliberately diversified by source of income, not just by the number of holdings.

Some of the larger exposures included UK gilts, TSMC, DBS, Rio Tinto, Greencoat UK Wind, International Public Partnerships and Segro. This illustrates that income is sourced across very different types of businesses and contracts, with different economic sensitivities.

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The income ladder — a particularly useful disclosure

The managers show the estimated contribution to portfolio yield from each sleeve. The projected underlying portfolio yield at the September date was 6.3%, while the fund's distribution objective remained approximately 5%. A projected yield is not the same thing as a guaranteed cash distribution or a forecast total return.



Aegon presentation, slide 20. The projected income waterfall shows what is doing the work behind the 5% objective.

Currency carry contributes meaningfully to that picture. That is a source of opportunity, but it also needs to be recognised as risk rather than treated as "free" yield. Similarly, the presence of a 6.3% projected yield does not mean all of it can or should be paid out without regard to future sustainability.

This has a useful parallel with the historic Standard Life Global Absolute Return Strategies (GARS) fund. GARS became associated with a difficult-to-understand mix of return strategies. The comparison is not that the two portfolios have identical risks or outcomes; rather, Aegon's managers have deliberately taken the opposite communication approach by showing the holdings, levers, expected income sources and risk contribution in plain sight.

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6 Risk Management and Portfolio Turnover

Aegon's stated aim is to deliver less volatility and generally smaller falls than global equities, not to prevent market losses. The difference is fundamental. A fund that falls by less can still fall sharply at precisely the time an investor needs money.

The September risk illustration estimates approximately 8.5% net risk for the current portfolio and makes the diversification effect visible. Equities are the largest individual contributor to risk, even though they are not the largest contributor to yield. Historic correlations also show that the fund remains exposed to risk assets: its return correlation with global high yield is reported at 0.85 and with global equities at 0.80 since inception.

Portfolio turnover was described by the managers as relatively modest, without a fixed turnover target. The underlying global equity team typically operates with around 20–25% annual turnover, although the multi-asset portfolio can trade more actively in credit. During shocks such as March 2020, the managers would expect to make more adjustments. The levers are there to be used when the balance of return and risk changes, not simply to demonstrate activity.

The investment choices are better understood as selective adjustments and a shifting blend of assets rather than repeated calls to exit and re-enter markets. The managers emphasised a preference to stay invested through cycles.

7 Performance: The Outcome and the Painful Periods

The latest supplied Aegon presentation provides total returns to 30 September 2026 for the B Inc share class, net of ongoing charges and with income reinvested.

Period	Total return
1 month	-1.0%
3 months	+0.9%
1 year	+13.6%
3 years, annualised	+12.7%
5 years, annualised	+6.8%
Since inception, annualised	+6.5%
Since inception, cumulative	+119.9%

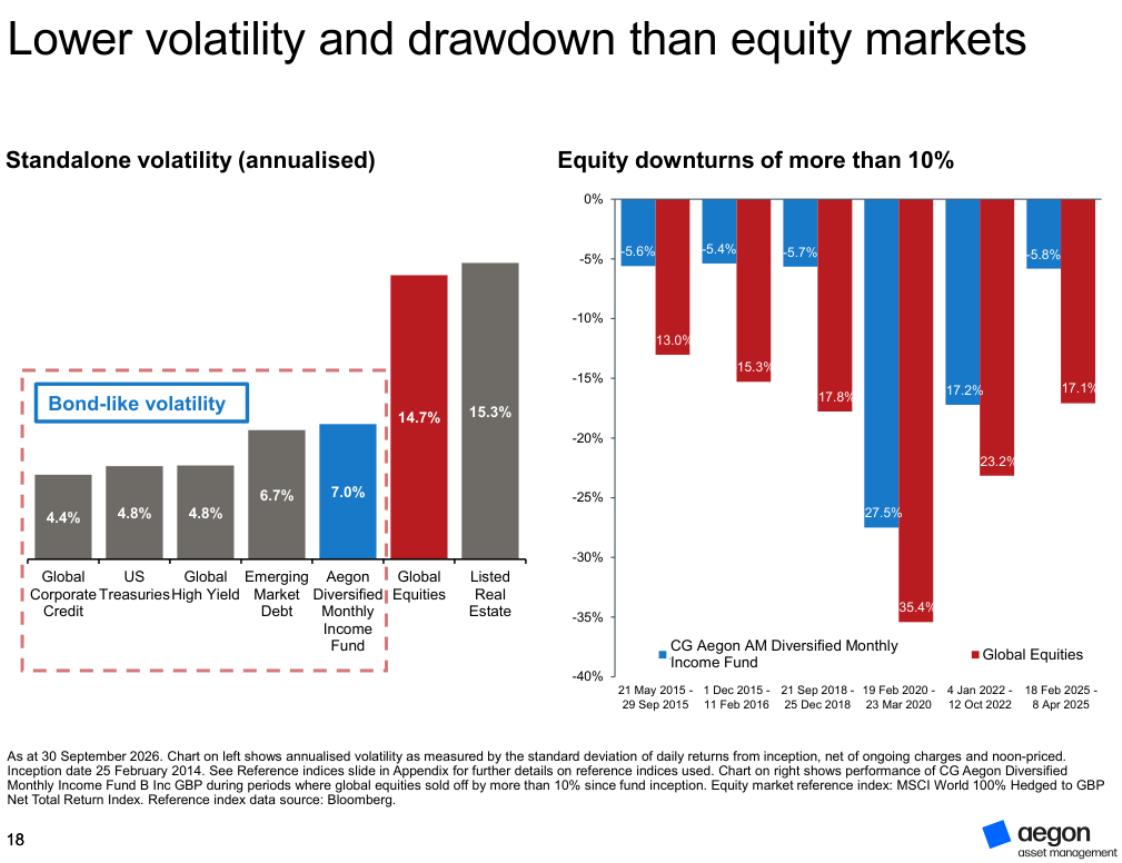
Aegon also reports an annualised capital-only return since inception of 1.0% and a cumulative capital return of 13.4% for the income share class, distinguishing the wealth generated by distributions from changes in the underlying unit price. The distinction matters particularly for investors drawing an income.

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2020 and 2022

There are two periods I would focus on rather than simply admiring the long-term annualised return. During 2020, dividend cancellations and the sudden collapse in risk markets hurt income-producing assets. The fund returned -1.7% over the full calendar year. But the peak-to-trough fall during the February–March equity-market shock was far worse: -27.5%, compared with -35.4% for global equities over the specified comparison dates.

In 2022 the fund returned -9.8% over the calendar year, its worst calendar-year result since launch. UK gilts fell -23.8% in the presentation's asset-class comparison, and global equities also suffered. The managers recognised that the fund had held up better than several major markets, but did not present this as a reason to dismiss the loss. For a retiree drawing income, a nearly 10% annual loss can have a real financial and emotional impact.



Aegon presentation, slide 18. The drawdown comparison is powerful because it shows both the downside reduction and the limits of that protection.

In the presentation's six episodes of global equity falls above 10%, the fund fell less than the equity comparator each time. That is encouraging evidence of the risk intention, but these are specific historic windows, not proof that the same relationship will persist in every future crisis. 2020 and 2022 also remind us that different risks can become correlated in stress.

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The fund is likely to struggle in a broad, disorderly sell-off where equities, credit, property and infrastructure fall together, or where the value of income-producing assets is sharply repriced by interest rates. Strong equity-led bull markets may also leave the fund behind because its mandate intentionally accepts less equity exposure and some lower-risk assets.

8 Why Not Simply Target a Higher Yield?

The 5% objective was set when yields were much lower than they are today. It would be tempting to ask the managers to increase the target now that government bonds and credit offer more income. They were clear that doing so would change the balance of risk and return.

Very high-yielding shares may be warning of dividend cuts. In fixed income, reaching for additional yield often means accepting more credit, default, liquidity or duration risk. Crucially, higher-yielding securities can also become more correlated with equities during market stress. What looks like a diversified source of income in normal conditions may behave like another risk asset when liquidity becomes scarce.

The fund therefore uses different sources to reach an income outcome rather than setting out to own only the highest-yielding securities. In the discussion, the managers described an equity-yield "sweet spot" closer to 2–4% for individual stocks, with the overall fund target achieved through the blend. Retaining the 5% objective leaves room for the possibility of modest growth and preserves the team's stated approach.

This is sensible, provided the team continues to assess the trade-off: an attractive current distribution should not be achieved by silently sacrificing the capital base that must support tomorrow's income.

9 Potential Use Within a Decumulation Strategy

For me, this is perhaps the most interesting application. A retirement strategy is not simply an accumulation portfolio with monthly withdrawals attached. Clients are concerned not just with average returns but also the timing of losses, the stability of the money they receive and their confidence that the plan remains sustainable.

Route one: taking the natural income

An investor could hold the distributing share class and take its monthly natural income, with the strategy targeting approximately 5% a year. This is appealing because the cash is generated from the portfolio rather than requiring units to be sold each month. However, the 5% is expressed against the prevailing fund price, not guaranteed as 5% of the investor's original capital. The amounts paid can vary. Dividends or coupons can be cut, and the fund's capital value can fall at the same time.

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Route two: accumulation units and selling units

Alternatively, an investor could use accumulation units and sell holdings to meet an agreed withdrawal amount. That approach gives greater control over the timing and size of cash withdrawals, but it introduces an explicit unit-sale decision. If markets have fallen, a fixed monetary withdrawal requires selling proportionately more units. Unless withdrawal policy, reserves and review triggers are carefully designed, that can compound sequence-of-returns risk.

The manager discussion explored historic illustrations of selling accumulation units at 3%, 5% and 7%. These were backward-looking modelling exercises and should not be treated as a demonstrated sustainable withdrawal rate or a forecast. The discussion also highlighted the distinction between taking a fixed percentage of current assets and committing to a fixed pounds-and-pence income: they produce very different outcomes when markets fall.

The distinction is more about managing the journey than choosing a winner

Natural income	Accumulation / unit sales
Cash amount depends on distributions	Cash can be set to a policy amount
Less need for routine unit sales	Withdrawal dates and units sold must be managed
Dividend / coupon cuts can reduce income	Market falls can force more unit sales
Capital still exposed to market loss	Capital still exposed to market loss
Need reserve for income shortfalls	Need reserve and withdrawal guardrails

Neither approach removes sequence risk or guarantees a sustainable retirement income. Natural income can give psychological comfort, but the fund's return is still driven by what the underlying assets earn and how their values change. Likewise, selling units is not inherently inferior: a well-designed total-return withdrawal strategy can be effective, especially when supported by cash reserves and flexible spending rules.

The appropriate solution may be one of these routes or a blend. I would view this fund as a possible component of a broader retirement income proposition rather than a complete retirement solution. Its suitability would depend on essential and discretionary expenditure, guaranteed income, the cash runway, the need for inflation protection, the client's capacity for loss and the review process.

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10 When It May Be Helpful — and When It May Struggle

Potentially supportive	Potentially challenging
Several income asset classes offer attractive valuations without excessive credit risk.	A simultaneous repricing of equities, credit, property and infrastructure.
Bond income is available without relying heavily on the lowest-quality borrowers.	Abrupt rate rises, inflation surprises and duration-sensitive asset losses.
Company dividends and other natural cash flows remain resilient.	Dividend cancellations, falling corporate earnings or deteriorating credit.
Managers can rotate selectively between asset classes as relative value changes.	Asset correlations increase and the apparent diversification benefit disappears.
Moderate growth accompanies consistent income payments.	Strong equity bull markets where a more cautious income mix lags.

The key is not to ask whether the fund is good or bad in isolation. It is to ask what job it is intended to do, whether that role overlaps with exposures elsewhere in a client portfolio and how behaviour may change in difficult markets.

11 What We Like, What We Would Monitor and Where It Fits

What we like

- The continuing 5% income target is balanced against total-return and capital-growth considerations.
- The yield waterfall and risk-contribution chart make the portfolio unusually easy to interrogate.
- Asset-class levers allow genuine changes to the blend as relative value and bond yields evolve.
- The long-term record of income distributions and risk-adjusted total return is credible.
- The managers discussed 2020 and 2022 with humility, without confusing relative resilience with a positive client outcome.
- There is a practical and important retirement-income conversation around natural distributions versus planned unit sales.

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What we would monitor

- Whether the underlying natural-income generation continues to support the distribution target, especially after income shocks.
- Credit quality, high-yield exposure and the tendency of risk assets to become correlated during sell-offs.
- The contribution and risk of currency carry, which is material in the September yield calculation.
- Exposure to listed property, infrastructure and renewables when discount rates or refinancing costs rise.
- Actual portfolio turnover and repositioning through future stress periods.
- Drawdown and recovery times rather than volatility alone; compare these with the intended role in decumulation.
- Charges and available share classes, as well as the effect of charging fund expenses to capital on future capital growth.

Where it may fit

As a multi-asset income component for investors who can tolerate meaningful short-term declines and who value a blend of income sources. Within a CRP®, it may merit consideration as one of the growth-and-income engines alongside a cash runway, other diversified investments and, where suitable, secure income such as annuities. It should not substitute for the portfolio's short-term cash needs or be presented as a low-risk equivalent of guaranteed retirement income.

Where it may be less suitable

For clients who need reliable capital values, guaranteed fixed cash flows, or access to all their capital at short notice; and for portfolios already heavily exposed to global equities, high-yield credit, listed property or equity-like infrastructure. The historic -27.5% fall in the 2020 comparison window is a particularly useful reality check.

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12 Money Wise UK Summary

The CG Aegon Diversified Monthly Income Fund is a credible outcome-led multi-asset income strategy, but I would not judge it solely by its 5% target or the latest three-year return. The more interesting story is how the team has tried to produce income and preserve a reasonable total-return opportunity across very different interest-rate environments.

When bond yields were exceptionally low, the team sought additional income from specialist areas such as infrastructure. Following the interest-rate reset, there were more options within conventional bonds. The opportunity set changed; the promise did not. That discipline matters because a higher target might look attractive today but could require taking more correlated credit and equity risk tomorrow.

Transparency is a strong feature. The breakdown of yield, the allocation history and the drawdown chart show both the attractions and the limitations. The discussion around the -9.8% year in 2022 demonstrated a welcome degree of humility. There is no attempt to suggest that outperforming a falling market somehow makes a loss comfortable for the investor.

For financial planners, the most valuable question may be how the fund could be used when clients move from accumulating wealth to taking an income. The ability to distribute natural income is useful, but not an answer in itself. Accumulation units and managed sales offer another approach, with different practical and behavioural considerations. There may be room for both, provided advisers begin with the retirement plan rather than the product.

Money Wise UK view

An interesting and transparent income proposition with several levers available to the managers, a credible long-term record and a potentially useful role within decumulation. Its most important limitation is also clear: it is designed to fall less in difficult markets, not to avoid falling. That distinction should remain central to any adviser assessment.

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13 Sources, Presentation Slides and Important Notes

Primary sources: Aegon CG Aegon Diversified Monthly Income Fund presentation dated 30 September 2026; fund managers' discussion of 5 November 2026, CG Aegon Diversified Monthly Income Fund B Inc factsheet dated 31 August 2026; Aegon Q2 2026 fund review. Figures are dated where relevant and may change.

The fund's target yield is not guaranteed and may be revised. Historic yield is based on previous distributions and is not a forecast. Fund charges taken from capital can increase the distributable income while constraining capital growth. Past performance does not predict future returns. All investments can fall in value; investors may get back less than they invested. Illustrative withdrawal modelling is not evidence that any particular withdrawal rate is sustainable.

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