

# Annual Report 2021

AEAM Fixed Income Funds

1 January 2021 through 31 December 2021

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borders™*

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## 1 General information

### Manager

Aegon Investment Management B.V. (AIM), established in The Hague, of which the board consist of:

- R.R.S. Santokhi
- B. Bakker
- O.A.W.J. van den Heuvel (appointed April 15, 2021)

### Depository

Citibank Europe Plc (Netherlands Branch), established in Schiphol, is appointed as the depository of the fund. Aegon Custody B.V. fulfils the role of legal owner. The board of Aegon Custody B.V. consists of AIM.

### Address

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Website: [www.aegonam.com](http://www.aegonam.com)

### Independent auditor

PricewaterhouseCoopers Accountants N.V.

### Management and administration

The AEAM Fixed Income Funds do not employ any personnel and uses the services of AIM for management and administration. The personnel of AIM is legally employed by Aegon Nederland N.V.

### Information memorandum

A prospectus has been prepared for this product and is available at [www.aegonam.com](http://www.aegonam.com). A Key Investor Information document is also available for this product, which contains information about the fund, the costs and the risks. This Key Investor Information document is available at [www.aegonam.com](http://www.aegonam.com).

### Annual Report

The AEAM Fixed Income Funds are offered jointly in one annual report. This annual report includes the annual accounts of the following funds:

- AEAM Core Eurozone Government Bond Fund
- AEAM Strategic Liability Matching Fund
- AEAM Core Eurozone Government Bond Index Fund
- AEAM Money Market Euro Fund
- AEGON Liability Matching Fund
- AEAM Government Related Investment Fund
- AEAM US Corporate Credit Fund
- AEGON Liability Matching Fund II

To improve the readability of this document, it has been decided to present the texts that are the same and applicable to all funds once and not to include them separately in each fund's financial statements. The annual report contains general information in chapter 1. The performance figures per fund are presented in the individual financial statements of the funds. Chapter 2 contains the manager's report with information that is common and applicable to each fund. Chapter 11 contains the principles of valuation and determination of the result and the calculation method of ratios and chapter 12 contains the other notes that apply to each fund.

### Profile

The AEAM Fixed Income Funds ('the Funds') are a series of open-ended mutual funds. The units are only available to professional investors within the meaning of the Wft.

### Objective

The objective of each fund is to invest the fund's assets for the benefit of the participants, as well as to have the invested capital stored and administered, as well as everything related to the foregoing, or may be conducive thereto.

### Marketability

The securities to be acquired by the participants are registered and, unless redemption by the manager, are not transferable and may not be pledged or encumbered with any other limited right of any kind. The manager does not issue participation certificates.

### Entry and exit

The securities to be acquired by the participants are registered and, unless redemption by the manager, are not transferable and may not be pledged or encumbered with any other limited right of any kind. The manager does not issue participation certificates. Pursuant to and in accordance with the provisions of the Entry Agreement or the Exit Notice, the manager will issue and redeem securities on each Valuation Date. Every last working day of the month is considered the Valuation Date as well as by the manager on working days set at the request of the participant.

The current entry and exit fees can be found in the fund specifications.

Contrary to the previous, the fund manager is at all times authorized to charge the actual transaction costs. The fund manager is authorized to waive the transaction costs if and to the extent that withdrawals can be netted.

The entry and exit fee is fully credited to the fund and serves to cover the transaction costs caused by entry and exit. The entry and exit fees received by the fund are included in the income statement as a separate income category. The basis for entry and exit and the calculation of the market value per unit is the net asset value of the fund, as determined in the general terms and conditions.

### Service fee

The manager charges a service fee to the fund. The service fee is a reimbursement for costs such as costs of supervisors, costs of custody, costs of (accountants) control, costs of (legal) advice, formation costs, administration costs and marketing and communication costs. The service fee is determined as a percentage on annual basis. The service fee is charged to the funds on a daily/monthly basis based on the net asset value of the funds at the end of the previous trading day.

The audit fees for the examination of the annual report and any tax advice and other non-audit services are paid by the manager from the service fee. These costs cannot be allocated individually to the investment funds under management. Therefore, further division has been omitted.

## 2 Report of the Investment Manager

### 2.1. Economic developments

#### *The pandemic*

The Covid-19 pandemic was again decisive for the economic activity. At the start of 2021, vaccines were not sufficiently available yet. Many countries in Europe were in lockdown or had other restrictions to curb infections. China was relatively successful in keeping Covid-19 out. In the US the states pursued a different policy. On average, the policy was, however, considerably less restrictive compared to Europe.

From the start of the year, vaccines became available in the developed countries. The US and the UK were the first to have sufficient production of vaccines, followed by Europe and later Japan. Restrictions could be eased in that order. New variants, first Delta and later Omicron, did again result in new restrictions. Due to the experience of people and businesses with restrictions, they had a smaller impact on the economy compared to the first wave in 2020.

#### *The recovery*

Governments supported the economy through various programmes. In the US the unemployment benefit was increased, among other things, whilst Europe partly reimbursed the wage costs of affected businesses. In addition, the US adopted an extensive infrastructure package and a recovery fund was set up in Europe.

This tax support appeared to work well. The expiry of these support measures occurred without an increase in unemployment. The labour market is even fairly tight. This is caused by the drop in the participation level and the increased consumption expenditure. Among other things because of the generous unemployment benefit and the increased savings balances, consumers have more to spend. This does, for that matter, particularly apply to the US and to a lesser degree to European countries.

The flip side of the coin is that the support measures resulted in large government deficits and a steep increase of the government debt.

The degree and timing of the economic recovery differed per region. The American economy recovered swiftly through a fast vaccination programme and direct tax support. The scope of the American economy is now already bigger than prior to the pandemic. The recovery in Europe was initially slower, because the vaccination programme was slower to gather momentum as a result of which the restrictions remained in force longer. Within Europe especially Spain lagged behind due to the large dependence on tourism. The Japanese economy lagged behind because vaccination started late there, as a result of which restrictions could only be eased in the third quarter.

The Chinese economy continue to grow strongly. The export of goods increased significantly. The property market in China is, however, levelling off, which shall have a dampening effect. The strategy to keep Covid-19 out also led to lockdowns in various cities, as a result of which the growth was delayed.

The pandemic led to a more considerable demand for goods because people could spend less on services. At the same time, lockdowns and other restrictions led to disruptions in the commercial chains. As a result, the brake was put on production and the inflation strengthened.

#### *Monetary backing*

Central banks continued their broad monetary policy in 2021. Extensive purchasing programmes ensured that the interest rate remained low. As a consequence, the additional debt issuance of governments was not directly problematic.

During the year, the inflation increased. This can partly be attributed to temporary effects, like the increased energy prices. However, this inflation partly appears to be structural. Due to the tight labour market this can rather result in a higher wage development, leading to a wage-price spiral. It seems to be likely that this shall occur in the US rather than in Europe.



Due to the strong recovery and the increasing inflation, at the end of the year the central banks announced a tightening of the monetary policy. Both the FED and the ECB are going to gradually phase out the purchasing programmes. In addition, the FED expects to increase the interest rates several times in 2022.

## 2.2. Financial markets

### Fixed-interest Securities

#### *Sovereign / Government Bonds and money market*

2021, like 2020, was marked by the COVID-19 virus. This had a smaller effect than the previous year due to the extensive vaccination programs that were effective in preventing severe symptoms, but did not prevent infection and spread of the virus in all cases. The economy had also adapted to the new situation, with the expectation that lockdowns would be needed to a lesser extent and economic growth would therefore pick up again. This, together with a sharply increasing inflation expectation, led to rising interest rates at the beginning of the year. 10-year German government bond yields rose more than 40 basis points from -0.57% at the start of the year to a high of -0.10% in May. This rise was turned into a decline in June when it became known that the new Delta variant of the coronavirus was more contagious and could potentially lead to new measures that could harm the economy, causing interest rates to fall again on the expectation that the ECB will increase funding and extend its duration. Only when inflation figures started to rise significantly and it became clear that the delta variant could spread to a lesser extent due to the increased vaccination coverage, did the interest rate rise again. When the new Omicron variant came to light in November and turned out to be even more contagious than Delta and the current vaccinations proved less effective, interest rates fell again significantly, but did not lead to strict lockdowns everywhere. The increasingly significant rise and fall in interest rates was characteristic of 2021, compared to 2020, which remained relatively stable after the initial shock of the pandemic.

Thanks to the measures taken by the ECB, it was possible that government bond yields remained relatively low during the year. At the end of 2020, it announced an increase of the Pandemic Emergency Purchase Program (PEPP) aid package by EUR 500 billion, for a total size of EUR 1,850 billion. This package amounted to an average of EUR 60 billion in monthly government bond purchases at the beginning of 2021 and was increased to EUR 80 billion in March. This lower interest rate naturally had a stimulating effect on stock markets reaching new highs. It mainly helped to keep the interest rate differential between the northern and southern European countries low, because the PEPP support package was allowed to be more flexible with the so-called capital key, whereby there are restrictions in the allocation of purchases per country and the ECB is therefore temporarily was able to provide relatively more support to countries such as Italy, by buying up more Italian government debt with an interest-lowering effect as a result. This was clearly seen in the interest rate spread between 10-year Italian and 10-year German government debt, which was at its lowest 0.90%, partly due to the renewed confidence in the Italian economy following the appointment of Mario Draghi as Prime Minister. This risk premium in the 10-year segment rose to 1.35% at the end of 2021 due to increasing expectations that the ECB's support would not be extended.

The expected phasing out of monetary support became a reality during the December meeting of the ECB, where the new monetary policy decisions were announced. It confirmed that PEPP would not be renewed and would expire in March 2022. In order to gradually phase out the loss of this support, the ECB announced that they would temporarily double the Asset Purchase Program (APP) to EUR 40 billion per month. This would be reduced by EUR 10 billion per quarter until the initial amount of EUR 20 billion per month would be maintained in Q3 2022. This announcement was not unexpected as eurozone CPI data continued to climb and growth also started to pick up again. At the end of 2021, the year-on-year increase in consumer prices stood at 4.9%, partly due to strongly increased energy prices. The inflation forecast by the ECB for the coming years has also been updated up to 3.2% in 2022 and 1.8% in 2023. According to the new ECB framework, introduced in July, the inflation target has been adjusted and is now aimed at a symmetric inflation level of 2% over the medium term. This new target makes it possible to accept a higher level of inflation in the short term, without the ECB committing to tapering monetary support. As long as the projected level of inflation in 2 years' time is still below 2%, the ECB is committed to keeping interest rates low in order to stimulate inflation. For the time being, it is therefore expected that the ECB will continue to provide support through buying programs and ECB President Christine Lagarde has indicated that she does not expect to raise the key rate in 2023.

In addition to the ECB, the EU also provided support in 2021 to European countries that were hard hit by the pandemic. Through the NextGenerationEU (NGEU) recovery plan, the EU is investing in modernization, green energy, health care, education and human rights projects. These investments are direct in projects proposed by Member States and may be in the form of a grant or loan. The EU finances this by borrowing (often with a lower interest rate compared to Member States) on the capital market by issuing bonds. Given the fact that this financing can be linked to, for example, green investments, the bonds are very popular with investors who pay attention to ESG characteristics, so that the interest rate is sometimes even lower.

Even though the Brexit saga appeared to have come to an end in December 2020, when an agreement was reached between the European Union and the United Kingdom (UK) on the trade agreements, there was still much discussion from both sides about compliance with the agreement. In particular, the UK's granting of fishing licenses to French fishermen led to conflict, as many smaller fishing boats could not prove that they had fished in British waters before Brexit. Discussions also continued about the Northern Ireland border. The Northern Ireland protocol was set up during the Brexit negotiations as a way to keep the border between Northern Ireland and the Republic of Ireland open, which is required under the Good Friday Agreement. To ensure compliance with the European Single Market rules, it was therefore necessary to establish a border in the Irish Sea between Northern Ireland and the UK so that goods imported from the UK could meet UK standards. European Union compliance. The proposals from the UK to amend the protocol, so that goods that remain in Northern Ireland (and do not transit to an EU member state) do not have to comply under the same conditions, were not fully accepted by the EU, as a result of which the UK has threatened to make use of Article 16 of the Brexit agreement. This would mean that the UK would no longer have to comply with these rules when it comes to exports to Northern Ireland and as a result a border might be needed on the island of Ireland which would at the very least lead to social unrest in the north.

In the United States, the Federal Reserve also continued to support the economy with low interest rates and buyback programs, buying an average of USD 120 billion per month in government bonds and mortgage-backed securities (MBS) in 2021. Inflation in the US rose even higher than in Europe, reaching a level of 7.0% year-on-year at the end of 2021. Initially there was talk of a temporary increase in inflation, but as inflation rose sharply towards the end of the year, Fed Chairman Jay Powell confirmed that the higher inflation was not temporary and had to be combated. In November, therefore, the Fed decided to start tapering, reducing its asset purchase program which initially meant a decline of USD 15 billion per month but then doubled a month later to a decrease of USD 30 billion per month. This will mean that the Fed will make no net purchases from the end of March 2022 and may make a decision to raise the federal funds rate early after that. US politics remained turbulent after the 2020 election. Even before President Biden could be inaugurated, violent riots erupted inside the Capitol building that houses the US Congress. This hostile attitude was reflected in both political parties, with it difficult to agree on Biden's investment plans to maintain and expand America's infrastructure. Since the Democrats could form a majority in the Senate with 1 seat, it remained very difficult to get these kinds of laws through Congress, as there were some Democrats who did not fully agree with the plans. Only in November, after many amendments and reductions, the law was passed by Congress and the budget was released to invest USD 1200 billion in infrastructure. This expenditure was not necessary to stimulate growth in the US economy, as real growth already increased by 5.5% in 2021 and the growth forecast for the next 2 years still remains above 2%.

On balance, German interest rates rose by more than 40 basis points in 2021. The German 10-year yield ended at -0.18%. The 2-year yield also rose, but by only 8 basis points. On balance, this led to a steeper yield curve. Long-term interest rates also rose sharply. The yield curve in the long end (10-30 years) flattened by 4 basis points to 0.37%. Thanks in part to the expiring purchase program that was not extended by the ECB, the interest rate risk premium of the peripheral countries Spain and Portugal rose by about 5 basis points, while that of Italy even increased by 20 basis points. For the semi-core countries France and Belgium, the risk premium fell by approximately 10 basis points.

#### *Corporate bonds*

Corporate bonds did not have a very volatile year, with only some movement in the spreads at the end of the year. The market closed with a modest negative return of -0.97% (Bloomberg Euro-Aggregate Corporates index), and with an, on balance, almost unchanged average allowance for credit risk (0.92% at the end of 2020 against 0.95% at the end of 2021).

The year started with extensive vaccination campaigns against Covid-19, which gave the market cause to expect, after expiry of the lockdown measures, a strong economic recovery. The market was moreover supported by extensive purchasing programmes of the ECB. Against this background, the index spread reduced gradually, and fluctuated in a narrow bandwidth around 0.85% during the second and third quarter.

The recovery of the economy also resulted in inflationary pressure, which initially appeared to be transitory in nature but gradually appeared to be more persistent. As a result, the market started to expect a less accommodating policy of the central banks, and the interest rates in the US and Europe started to increase. For the US gradually more, and earlier, interest rate increases were priced by the Fed whilst for Europe the expectations regarding the scope and the duration of the purchasing programmes were adjusted.

During the fourth quarter, the market also stagnated due to the rapidly increasing infections due to the Covid-19 virus. At the end of November, the sentiment was moreover adversely affected by the discovery of the new, more contagious, Omicron variant of the Covid-19 virus. The index spread briefly rose to 1.10%, but recovered during the subsequent weeks when it became plausible that this new variant resulted in serious complications to a lesser degree.

### 2.3. Investment policy

The investment policy differs per fund. The key figures are included in the individual annual reports of the funds, and the investment policy, type of investments and the fund's benchmark are discussed.

### 2.4. Risk management

The fund manager has the responsibility to manage the financial risks of all funds. The fund manager has identified a number of financial risks, of which the most important are:

- Interest risk
- Currency risk
- Equity risk
- Commodity risk
- Inflation risk
- Concentration risk
- Credit risk
- Counterparty risk
- Liquidity risk
- Leverage (a measure of the degree of the applied leverage)

For each type of risk, risk criteria have been set in the form of restrictions in order to manage these risks. These restrictions are included in the fund mandates where they are tailored to the strategy of the fund. All restrictions are, where possible, monitored on a daily basis by the manager and by Citibank, which operates independently as depositary. Citibank has been appointed as depositary following the Alternative Investment Fund Managers Directive (AIFM-Directive) which requires managers to appoint an independent body to perform monitoring tasks.

In addition to restrictions monitoring, the manager monitors control limits which are intended to prevent breaches of restrictions. These control limits have tighter criteria than the restrictions and are used as a warning in order to prevent that restrictions are breached. When breaches of restrictions occur, relevant stakeholders will be notified and further actions shall be determined to resolve the breaches. All breaches and warnings are periodically reported to all internal stakeholders, including the management and all relevant external stakeholders if necessary.

Below is a description of the objectives and policies of the fund on risk management with respect to the use of financial instruments when managing risks. Also included is an explanation of the risk management measures that are in place.

### Interest risk

Interest rate risk arises as a result of interests in fixed-income securities. Within the fund, interest rate risk is usually measured by duration. In these cases, interest rate risk (relative to a benchmark) is often mitigated by monthly hedging via interest rate derivatives (futures or interest rate swaps). This risk is measured as the deviation in years under or overweight from the duration benchmark.

This measure is not suitable for all funds, such as funds that focus on low interest rate risk (for example money market funds) or high interest rate risk funds such as liability matching funds. A mitigating measure for money market funds is to limit the maturity of the instruments. For liability matching funds, advanced measures such as key rate duration matching may be more appropriate.

In summary, the measures to manage interest rate risk are as follows:

- modified duration (relative or absolute);
- permitted maturities (money market funds);
- key rate duration (relative to the benchmark; liability matching funds).

### Currency risk

In order to limit the currency risk, it is determined for each fund which currencies are allowed and whether the non-euro currencies must be hedged. The proposed currency risk control measure is to monitor the amount of non-euro exposure or the percentage hedged to the euro.

In summary, the measures to manage currency risk are as follows:

- allowed set of currencies;
- hedged percentage in euros or permitted percentage not in euros.

### Equity risk

Equity risk is the risk that one of the investments will decrease in value as a result of the dynamics of the stock market. In addition, the equity risk depends on the regions or sectors in which it can be invested. Most funds are funds that invest in a specific region. This means that different types of sectors are allowed for each specific fund. Restrictions focus on maximum exposure in a specific region – as reported in the Concentration Risk section.

Equity investments are publicly traded equity, hedge funds or private equity that are each exposed to different kinds of equity risk. These risks are addressed in the overview of each fund together with the type of investments in which the fund is allowed to invest. The (operational) risks of trading in listed equity is partly mitigated by limiting the stock exchanges where equity can be traded.

In order to measure the total equity risk, a tracking error in relation to the chosen benchmark or beta restriction (to measure the risk in relation to the market) is also included.

In summary, the measure to manage equity risk is as follows:

- maximum tracking error or beta exposure.

### Commodity risk

Commodity risk is the risk arising from trading financial instruments where the value is based on the value of a physical material (ie commodities). Commodities include agricultural products (e.g. cotton, oranges and grains), energy products (e.g. oil, natural gas and coal) and mineral products (gold, copper, etc.) and other products such as electrical energy.

In addition to the general market risk of a change in the price of the financial instruments which are used, the most important commodity risk arises from the nature of the commodities allowed in the fund. The measure is the amount of exposure per commodity type.

The operational risks inherent in certain commodity-related financial instruments is the risk of physical delivery. This risk is mitigated by not allowing positions to be held near a certain number of days before settlement and/or by allowing certain types of instruments.

In summary, the measures to manage commodity risk are as follows:

- allowed type of commodities (or exclusion list);
- permitted weighting (or deviation in the exposure from the benchmark) per commodity type.

#### **Inflation risk**

Inflation risk arises as a result of changes in a country's inflation level. This has an effect on various financial instruments, especially those with fixed coupons. This risk is already included in other risks mentioned above, such as interest rate risk or general market risk.

Although the inflation risk is largely mitigated when hedging the interest rate and general market risk, there is an additional risk that is considered inflation risk. This is the market risk of changes in the real interest rate over the inflation rate. This risk is only present in a fund where inflation-related products are allowed.

In summary, the measures to manage inflation risk are as follows:

- restrictions on permitted instruments in accordance with the fund's mandate;
- maximum exposure of inflation-related products, or maximum inflation delta.

#### **Concentration risk**

Concentration risk is the risk of exposure to idiosyncratic risk. This is the risk that an individual instrument can affect the risk of an entire fund, and is usually mitigated by asset allocation. The concentrations in the fund are measured from three different angles: concentration by issuer, concentration by country, and concentration by sector:

- concentration per issuer is measured by allocation. Concentration per issuer is managed by imposing absolute restrictions per issuer, whereby an issuer is considered as a single securitization consisting of several bonds. Restrictions per issuer may differ per rating, country, type, etc.;
- concentration per country is determined by the weighting in a specific country. Countries are defined as the country where the risk of the investment lies. Regions (Core-Eurozone, North America, Asia, etc.) are used for some funds. Regions are defined as a series of countries;
- concentration per sector is measured by the weighting of a particular sector.

The constraints on the three perspectives of concentration risk can be defined in an absolute or relative sense relative to the benchmark.

In summary, the measure to control concentration risk is as follows:

- monitoring the maximum exposure per sector/name/country based on absolute or relative (net) exposure.

#### **Credit risk**

Credit risk is the risk that a counterparty will not be able to meet its obligations as set out in the terms and conditions of a financial instrument. This risk could lead to a loss of principal or a significant widening of spreads when trading the market. The most commonly used measure of this risk is rating. This can be an internal Aegon rating or benchmark specific rating. Other measures such as credit spread or estimated default frequencies based on credit risk and option theory are considered, but will only be used in stress testing or scenario testing.

Credit risk is managed by imposing absolute limits based on rating or relative exposure to the benchmark.

The above restrictions are controlled on the basis of the assigned rating per purchase or the current date. A potential breach as a result of an adjustment of the rating of a particular instrument, or as a result of market value developments, will not immediately lead to a mandate being exceeded. The mandate should determine how much time is allowed to sell this exposure of the fund if there are restrictions on the fund. In addition, in such case, a restriction will be imposed on additional purchases of the particular rating classification.

In summary, the measure to manage credit risk is as follows:

- monitoring the maximum exposure per rating based on absolute or relative exposure (with possibility of temporary extension of the maximum exposure due to downgrades).

### Counterparty risk

Counterparty risk is the risk that a counterparty in an (Over The Counter) derivative transaction cannot meet its contractual obligations. This risk is present in funds where OTC derivatives may be traded. A first measure of risk is the counterparty default risk, measured by the counterparty's rating. In addition, all of our OTC derivatives have daily exchange of collateral and thus the counterparty risk is largely mitigated. Only for highly leveraged funds with OTC positions, the residual risks can be material. In those cases, there may be a risk that if a counterparty defaults, the derivative position will have to be replaced. For this we monitor the maximum exposure per counterparty and there is a limitation for the minimum rating of the OTC counterparty.

Enforcing strict legal regulations, using International Swaps and Derivatives Association (ISDA) contracts and Credit Support Annexes (CSAs) reduces the operational risks involved in the exchange of collateral and settlement.

### Liquidity risk

Liquidity risk is the risk that the fund will not be able to trade a position quickly enough at a reasonable price. The risk is related to the size of the fund and individual holdings compared to the size and marketability of the assets in the portfolio.

AIM has an appropriate liquidity management system which includes procedures to monitor the liquidity risk of each fund and to ensure that the fund's liquidity is aligned with its underlying liabilities.

The liquidity management system:

- maintains a level of liquidity in a fund commensurate with the underlying liabilities, which is based on an assessment of the relative liquidity of the underlying assets in the market, taking into account the time taken to liquidate the assets and the value against which the assets can be liquidated;
- monitors the liquidity profile of the fund's portfolio. This takes into account the possible marginal contribution of the individual assets that could have a material effect on liquidity, as well as the material debts and liabilities that the fund may have in relation to the underlying liabilities. For these purposes, AIM takes into account the profile of the investor base, including the nature of the investors, the relative size of the investments and the exit conditions;
- where the fund invests in externally managed funds (fund-of-fund structure) or is managed by an external asset manager, AIM monitors the liquidity management approach adopted by the managers of the other funds. This includes conducting periodic reviews to monitor changes in the withdrawal provisions of these underlying funds;
- implements procedures to assess the quantitative and qualitative risks of positions and intended investments that have a material effect on the liquidity of the fund's portfolio;
- implements the tools and arrangements necessary to manage the liquidity risk of each fund. The fair treatment of all participants in relation to each fund must be considered.

### Leverage

Leverage is expressed as the ratio between the fund's exposure and the fund's net asset value. The leverage in the fund is calculated in two different ways: the gross method and the liability method. Both methods are prescribed by Alternative Investment Fund Managers Directive (AIFMD).

The gross method:

- excludes from the calculations the value of the cash and cash equivalents and the highly liquid investments in euro of the fund that can immediately be converted into cash and cash equivalents, subject to an insignificant risk of changes in value and provide a yield not exceeding the yield on three months high-quality government bonds;
- converts derivative positions (using specific conversion methods) to the equivalent position of the underlying assets;
- excludes loans that are cash borrowings for which the amount due is known;
- includes exposures due to reinvested cash borrowings, expressed as the higher of the market value of the investments or the total amount of borrowed cash; and
- includes positions in repo- or reverse repo transactions and security lending arrangements.

The commitment method:

- converts derivatives positions (using specific conversion methods) to their equivalent position in the underlying assets, provided certain criteria are met;
- takes into account clearing and hedging arrangements (also under certain conditions);
- calculates the exposure created by the reinvestment of loans and borrowings, when the reinvestment increases the exposure of the fund; and
- excludes derivatives that are used for currency hedging purposes.

Each fund has leverage restrictions that are monitored like other investment restrictions. In the case of investments in third party funds (defined as non-Aegon Asset Management (AAM) funds, but funds managed by AAM subsidiaries) the leverage in the funds managed by third parties is not included in the leverage calculations of the fund of fund structure .

### Risk limits management

Risk limits management is undertaken to ensure that the risk profile of the fund can be effectively monitored. The Dutch authority for the financial market (AFM) receives a message if there is a mismatch between the risk profile of the fund and the risk limits or when there is a substantial risk that such a mismatch might occur. The match between the risk limits and risk profile is checked at least annually.

For every type of financial risk, applicable measures are defined to manage these risks. The most appropriate measures may vary per fund, based on the strategy of the fund. For the selected measures, appropriate risk limits are set, which are actively monitored. This will ensure that the fund act within their mandates.

To provide for an efficient and effective risk management process, the risk measures and the resulting risk limits meet the following principles:

- Quantitative limits are measurable;
- Restrictions or limits have clear definitions;
- Measures are chosen in such a way that the measurements and monitoring can be automated;
- Multiple restrictions with a similar objective are avoided, except when there is a legitimate reason;
- Each fund has limits for all identified risks, and
- Restrictions are designed to reduce complexity, hence a restriction per type of risk instead of combining different types of risks to a restriction.

The risk limits of the fund are monitored on a daily basis. Monitoring consists of the calculation of the control variables for each of the fund, comparison of the internal and external risk limits and the escalation of overruns within the organisation.

Internal limits are set as warning limits to prevent breaches of external limits or as a further limitation due to other considerations (for example, exclusion lists based on socially responsible investments policy or liquidity management).

The calculation for most limits is delegated to Citibank. In its role as depositary and fund administrator, Citibank has full transparency on the funds, for which Citibank checks the compliance of the limits and performs relevant calculations within their systems. AIM receives warnings (breaches of internal limits) and infringements (breaches of external limits) with all applicable data and validation checks. All limits are checked by AIM and are reported in an overview of warnings and breaches.

These warnings and breaches are analysed and different processes are followed depending on the materiality of the warning or breach. Immaterial warnings are usually resolved within few days and are only reported to the portfolio manager if they remain outstanding for a longer period. Material warnings are reported to the portfolio manager for validation of the warning and to verify the solution. High risk problems are immediately reported to the Chief Investment Officer (CIO). On a weekly basis, all outstanding material warnings and breaches are internally reported to, among others, the management. On a monthly basis, the Risk Control Committee is informed on all the warnings and breaches, including the status or the solution.

During the reporting year, there were no breaches of restrictions.

#### **Operational risk management**

The fund manager has defined operational risk as follows: "The risk of a loss as result of inadequate or failing internal processes, people and systems or external events". The fund manager has designed a comprehensive framework for the definition and classification of risks and the organisation of risk management activities.

The operational risk management policy includes the strategy and the objectives for the operational risk management and the processes that the fund manager has designed to achieve these objectives. The objectives for operational risk management (ORM) are:

- all major operational risks are identified, measured, evaluated, prioritised, managed, monitored and treated in a consistent and effective way throughout the organisation;
- appropriate and reliable tools for risk management (including the main risk indicators, database with risk events, risk & control self-assessments, monitoring reviews, and stress and scenario tests) are used to support management reporting, decision-making and assessment of required (reserve) capital;
- all directors, management and staff are responsible for managing the operational risks in line with the roles and responsibilities; and
- key stakeholders timely receive a reliable confirmation that the organisation manages its activities for the important operational risks.

#### *Risk management by the fund manager*

AIM has organized the risk management governance according to the Three Lines of defense Model. This model distributes the responsibilities, the tasks and the set of instruments and measures needed to be 'in control'. This model ensures independent monitoring of the risk management activities in the organization by the risk management, compliance and internal audit functions.

- **First Line of defense**

The first line of defense is executed by the line organization. They are responsible for the performance of the primary operational processes. Many of the risk management measures are embedded in these processes and provide reasonable assurance that the processes are performed properly. Common used control measures are, for example, the segregation of duties, the four-eyes principle and reconciliations.

The monitoring of positions and the related investment risks takes place on the level of the overall client portfolios, the investment portfolios and the individual external asset managers.

- **Second Line of defense**

The second line is formed by the Enterprise Risk Management (ERM), Portfolio Risk Management (PRM), Portfolio Risk Control (PRC) and Compliance. The task of the second line is to identify, record and monitor AIM's operational, investment portfolio and compliance risks and to test, advise and support the line organization in risk management. The risk management and compliance officers undertake activities to strengthen the risk culture within AIM, monitor that management actually takes its responsibilities and enter into a dialogue about this with management.

- **Third Line of defense**

Internal Audit forms the Third Line of defence. This department is completely independent. Internal Audit has the mandate to assess all processes in the first and second line.

#### *Operational risks of the Fund*

The risks are identified based on the Risk Control Self Assessment (RCSA). An effective set of control measures limits the risk of exceeding the risk tolerances for the operational risk. The most important operational risks and the risk management with regards to the multi-manager funds are:



- Inadequate selection of external managers resulting in underperforming managers which may cause incidents. This can lead to operational losses and reputational damage.

*Control measures*

Risks in relation to the selection process are managed by means of a robust and intensive selection process aimed at appointing high-quality managers for each asset class and subclass worldwide. Important selection criteria include: the investment philosophy used, the investment process, the personnel and organization, performance and opportunities for diversification. There are strict procedures for documenting the outcomes of the due diligence investigation into external managers and the resulting opinion, the confirmation of selected managers in the portfolio manager meeting and the authorization of a selected manager by the Manager Equities, Fixed Income & Commodities and the Chief Investment Officer (CIO). In addition, the process is tested by Operational Risk Management before the contract is signed

- Inadequate drafting and conclusion of contracts (Investment Management Agreement or IMA) with the result that legal safeguards are insufficient and that there is insufficient insight into the performance (qualitative and quantitative) of the manager to be able to make proper adjustments. This can lead to operational losses and reputational damage.

*Control Measures*

Risks related to the conclusion of contracts with external managers are managed because contracts are drawn up by expert lawyers on the basis of standard contracts. In addition, this process is tested by Operational Risk Management and the IMA is always tested by the legal department.

- Unreliable execution of processes by the external manager resulting in underperformance, incidents and a lack of transparency. This can lead to operational losses and reputational damage.

*Control measures*

Risks are managed by monitoring the documentation of the investment management agreements, assessment of the external managers by the portfolio managers and an annual assessment of the assurance reports of the auditors of the external manager, Fund Administrator (Citibank), PRC department and department Portefeuille Implementatie. This includes, amongst other things, checks of the performance by external managers (qualitative/quantitative), compliance breaches and fee notes. Portfolio managers continuously monitor the performance of the external managers on the basis of portfolio information, company news, attribution analyses and risk and return criteria. There is also a clear dismissal policy on the basis of qualitative and quantitative criteria.

The purpose of operational risk monitoring is to protect the investments of the customers of the fund manager, to ensure that customers are treated fairly and to ensure that the manager meets all his legal obligations. Risk monitoring also includes providing feedback to the company on the effectiveness of their operational management measures and comparing the current operational risk profile with the established risk tolerance. An important part is testing of internal controls to provide for an independent assessment of the adequacy of the design and the operational effectiveness of key operational management measures that have been established by the management. The outcome of this is reviewed by an independent auditor and reported in a ISAE3402 Type II statement. Furthermore, compliance of the policy of the fund manager and Aegon Group is monitored and any failures are reported to the responsible management.

*Continuity management*

The purpose of continuity management by the fund manager is to ensure the continuity of its activities, to establish trust, safeguarding of assets, to meet obligations, comply with the internal and external regulations and to prevent or mitigate damage and risk. The fund manager has taken measures to reduce the risk of a disruption of continuity to an acceptable level as much as possible.

The fund manager has taken measures to limit the risk of disruption to the continuity as much as possible to an acceptable level.

An acceptable level of risk is determined by striking a balance between the cost of risk mitigation measures and the value of the fund manager's assets. This will ensure that the fund manager maintains a prudent operational risk profile both under normal business conditions and under extreme circumstances resulting from unforeseen events.

Responsibility for the proper organization of continuity management has been assigned as part of the primary process. It is the responsibility of AIM's Operational Risk Management department to independently ensure that this responsibility is properly fulfilled and performed.

**Risk awareness and embedding within the organisation**

The fund manager is well aware of the attention directed towards demeanor and conduct in regards to the risk management and compliance, the so called soft controls.

The policy is aimed at the fund manager complying to the statutory, administrative and societal norms. This entails that a breach, or the appearance of a breach, of valid law and legislation can affect trust adversely:

- while performing financial services and the ensuing commitments towards customers of the fund manager;
- in the financial markets wherein the fund manager operates.

Compliance to the external regulations has additionally been given shape by the composition of internal regulations. The various regulations that apply to the fund manager and/or her employees, are listed on the intranet and are available to all employees.

The customer is the point of focus and the know-your-customer rules have already been applied with the fund manager before it was recorded in the legislation and the provision of information receives ample attention, for example in the form of tailored customer reports.

To maintain confidence in the financial markets, the fund manager handles various procedures that, as per example, are focused on avoiding conflicts of interest and to ensure that no customers with a heightened level of integrity risk (for example due to money laundering or the financing of terrorism) are being admitted.

The fund manager additionally handles the procedures that guarantee that (international) sanction laws are being met. Sanctions could, for example, relate to certain persons, whose assets need to be frozen or to which no financial services should be given. Sanctions could also entail that no investments are allowed to be made in certain areas and/or instruments. When new sanctions are being issued or current sanctions are being altered, the compliance department will forward this information as quickly as possible to the relevant departments that apply such alterations in the portfolios.

An important part of the organizational embedding of risk management and compliance is, among others, the raising of awareness in regards to the relevant law and regulations and the monitoring of processes and procedures. The integrity risk of the fund manager is being controlled through internal guidelines, pre-employment screening, codes of conduct, e-learning modules for all employees and measures in the customer acceptance process. The compliance role plays an important part in the creation of the desired degree of risk awareness.

**DUFAS**

AIM has joined the Dutch Fund and Asset Management Association (DUFAS).

**GIPS**

AIM also complies with the Global Investment Performance Standards (GIPS). An external auditing firm reviews the investment funds of AIM on a yearly basis, with positive outcomes since 2000. AIM meets the GIPS requirements and underlines the reliability of the performance measurement of its investment funds.

## 2.5. Notes on the remuneration policy

### *Remuneration Policy*

For the remuneration policy AIM, being part of Aegon N.V., is bound to the Aegon Group Global Remuneration Framework. This framework is designed in line with relevant laws and regulations, such as the Dutch law on remuneration policy for financial institutions and Solvency II. The Framework includes principles and guidelines for a careful, controlled and sustainable remuneration policy, that adheres to the strategic goals, HRM aspirations and core values of Aegon N.V. This also meets the AIFMD requirements for the remuneration policy, including contributing to effective and efficient risk management and not encouraging taking more risks than allowed by the investment policy and fund terms and conditions. In situations of delegation of fund management after the AIFMD became effective, AIM monitors that the AIFMD or equivalent guidelines and restrictions for remuneration are in place. This framework is tested annually against laws and regulations, amended where necessary and presented to the Remuneration Committee of Aegon Group for approval. This body also monitors the remuneration of all AIM employees that have been designated as Material Risk Taker (MRT).

### *Fixed remuneration*

Fixed remuneration of AIM employees consists of the monthly salary, a flexible budget (including, among others, holiday allowance and 13<sup>th</sup> month allowance), pension allowance and other secondary employment terms that are customary in the Dutch market. AIM has different salary systems for employees under collective employment agreements ('CAO gebonden posities'), portfolio managers and senior management positions. All three systems are reviewed annually on market conformity using various external market surveys on remuneration.

### *Variable remuneration*

A selection of AIM employees is eligible for variable remuneration. This variable remuneration is an integral part of the total remuneration package. For the calculation of the annual budget for variable remuneration, a so called bonus pool method is used. This means that the size of the pool (in other words, the budget) is determined by comparing the actual results to the predetermined goals. This consists of a mix of long term and short term fund results, client satisfaction, profitability, sales figures, risk management and Aegon N.V. results. Granting of any variable remuneration, within the budget, is done based on individual performance. For granting of variable remuneration, based on the bonus pool and at individual level, the performance indicators consist for a maximum of 50% of non-risk adjusted financial performance indicators and for at least 50% of non-financial indicators.

In addition, employees that are not eligible for variable remuneration can, under strict conditions, be granted a variable remuneration.

### *Material Risk Taker (MRT)*

On the basis of the AIFMD selection criteria, ten internal positions have been qualified as MRT, of which seven are senior management positions. This concerns staff members of which professional activities have significant influence on the risk profile of AIM and/or the managed funds.

When qualifying for a certain fixed income and variable remuneration, no distinction is made between MRT and other employees. Different rules do, however, apply in the area of personal targets and payment of variable remuneration. The personal targets of Identified Staff are assessed in advance on the degree of risk control and are, where required, adjusted accordingly. In addition, in case of MRT variable remuneration is not paid in cash in one instalment. The initial 50% are paid directly in cash after the year of performance. The other 50% are paid directly in instruments, the so-called phantom shares. The phantom shares are subject to a holding period of three years. They are made available after that. Before each of these elements is paid, it is established whether there are still facts on the basis of which the variable remuneration should be adjusted downward. The phantom shares are linked to the fund performances of the main funds of the Manager. After allocation the shares are held for a year before they are settled and paid to the employee in cash.

### Remuneration overview

The table below consists of the fixed remuneration (12 times the monthly salary, income tax, social security contributions, pension contributions and the flexible budget) and the variable remuneration granted to all employees and temporary employees of AIM in 2021. The amounts have been split to management, MRT and other employees.

Personnel compensation for the financial year 2021				
Groups (amounts x € 1,000)	Number of personnel	FTE <sup>(1)</sup>	Fixed salary <sup>(2)</sup>	Variable remuneration
Board of directors	3	3	1,005	400
MRT	7	7	2,359	1,315
Other staff	412	362	40,668	7,357
<b>Total AIM employees</b>	<b>422</b>	<b>372</b>	<b>44,032</b>	<b>9,072</b>

Personnel compensation for the financial year 2020				
Groups (amounts x € 1,000)	Number of personnel	FTE <sup>(1)</sup>	Fixed salary <sup>(2)</sup>	Variable remuneration
Board of directors	2	2	488	97
MRT	8	8	2,511	1,052
Other staff	404	360	43,299	4,629
<b>Total AIM employees</b>	<b>414</b>	<b>370</b>	<b>46,298</b>	<b>5,778</b>

<sup>(1)</sup> 1 FTE = 40 contractual hours per week

<sup>(2)</sup> This consists of twelve times the monthly salary and a fixed flexible budget (including, among others, holiday allowance and 13th month allowance).

The remuneration for the employees includes activities performed for Aegon Nederland N.V. Employees are not directly employed by or working exclusively for specific individual funds. The total remuneration has not been allocated to the individual funds, since the information required for this allocation is not readily available.

There are no employees for which the total remuneration is greater than 1 million euro.

The manager does not receive any compensation other than the predetermined management fee, which is a percentage of the net asset value. Therefore, there is no carried interest.

### Delegated functions

In accordance with article 22 (2) (e) of the AIFMD, the manager is obligated to provide further details of the remuneration policy. This includes external parties to which portfolio management and risk management activities are delegated. For outsourcing relationships a proportionally effective remuneration policy is applicable. Aegon has, in accordance with AIFMD, tried to obtain the quantitative information from its external portfolio managers and risk managers. However, this information is not available at the required level. For a best estimate of the costs associated with the remuneration policy for these external portfolio managers and risk managers, we refer to the management fees charged. The management fees are disclosed in the annual report of the relevant Aegon funds.

## 2.6. Laws and regulations

The fund is subject to the regulatory supervision of the Dutch Act on Financial Supervision (Wet op het financieel toezicht).

The annual report is prepared in accordance with Title 9 of Book 2 of the Dutch Civil Code, the Dutch financial reporting standards ('Richtlijnen voor de jaarverslaggeving') and the Dutch Act on Financial Supervision (Wet op het financieel toezicht).

### **Sustainability regulations**

As of March 10, 2021, Regulation (EU) 2019/2088 on sustainability related disclosures in the financial services sector (SFDR) applies to financial market participants, among which the fund manager. This regulation demands transparency on sustainability risks, negative effects on sustainability and the way in which a SFDR product promotes environmental or social characteristics or has a sustainable investment objective. The fund manager has applied the latest regulatory requirements, among others in the product documentation and on the website. At this time, further standards have not been implemented and only the SFDR applies.

Additionally, based on Regulation (EU) 2020/852 regarding the establishment of a framework to promote sustainable investments (Taxonomy Regulation) as of January 1, 2022 in precontractual and periodical provision of information as described in the regulation, the fund manager is required to disclose information on the extent in which it applies the Taxonomy Regulation

For more information relating to the SFDR and Taxonomy regulation we refer to the fund specific information.

## **2.7. Voting policy and Responsible Investment Policy**

### **Policy**

Aegon Investment Management B.V. (AIM) is convinced that integrating Environmental, Social and Governance (ESG) aspects into the investment process contributes to a better risk-return profile of the investments. This is because a good ESG profile of the companies in the portfolio strengthens the robustness of the investment portfolio and can positively influence the investment return. The policy is described in the Aegon Asset Management Responsible Investment Policy: Multi-Management Funds and formalized through the Fund's Terms & Conditions.

The Socially Responsible Investment policy consists of:

- Periodic screening of the companies invested in under the United Nations Global Compact Principles (UNGCP).
- Conducting a dialogue (engagement) with companies that do not comply with the UNGCP.
- Excluding companies based on specific criteria.
- Voting at shareholders' meetings as far as practicable.

In addition to the above instruments, AIM's portfolio managers and external asset managers also make a significant contribution to Socially Responsible Investment policy. The investments are periodically screened by AIM on ESG criteria based on independent research. AIM enters into discussions with the external asset manager about investments that do not perform well with regard to the ESG criteria.

A complete overview of the responsible investment policy as well as the Aegon Responsible Investment Report can be downloaded from the manager's website [www.aegon.nl](http://www.aegon.nl).

### **Selection of companies**

It invests in companies that adhere to social principles, for example in the areas of human rights, anti-discrimination, issues related to child labor, and respect for the environment. The selected companies must largely meet the criteria set for 'best in class' companies.

### Company exclusion

The AIM exclusion list is updated and established annually. Changes to the exclusion list are processed in the contracts with the external managers. Compliance monitoring takes place daily on compliance with the exclusion list. The AIM exclusions list contains exclusions based on the following criteria:

- Controversial weapons based on the Controversial Weapons Radar (CWR) compiled by Sustainalytics. The following types are classified as controversial weapons: biological weapons, nuclear weapons, chemical weapons, anti-personnel mines, cluster munitions, depleted uranium and white phosphorus munitions (if controversial use).
- Coal mining companies that derive 30% or more of their turnover from the extraction of thermal coal. This type of coal is burned for the purpose of generating electricity and/or heat and has a highly polluting impact on the environment. These companies are not diversified and run a high risk with regard to so-called 'stranded assets'.
- Companies that are non-compliant with UNGCP and have shown insufficient progress in the dialogue.
- Tobacco companies. These are companies that generate more than 5% of their turnover from the production of tobacco and tobacco-related products.
- Tar sands companies that derive 30% or more of their total oil equivalent production from tar sands. The threshold will be lowered to effectively reach zero (0-5%) by 2030. Pipeline operators significantly involved in the transportation of products derived from tar sands are also excluded.

In 2021, 736 companies were on the AIM exclusion list (2020: 217 companies).

At the end of the reporting period, the fund's benchmark did not include companies on the exclusion list (2020: none). The exclusion policy therefore had no effect on the tracking error and the return relative to the benchmark.

### Voting

The funds vote worldwide and according to the 'ISS International Sustainability Proxy Voting Guidelines' of the specialized voting advice bureau. In principle, the advice of the specialized voting advice bureau is followed. In exceptional cases, AIM may decide to cast a vote that deviates, but only after proper analysis. Reasons for an exception can be a warning from an external manager, a warning (alert) from Eumedion, a closer alignment with the policy of Aegon Asset management or that of its customers or publications in the press. Aegon Asset Management (AM) implements the voting policy within its own organization.

In order to avoid the appearance of a conflict of interest, voting at Aegon NV's shareholders' meetings will be waived, in accordance with the Aegon AM Active Ownership Policy and the Conflict of Interest Policy.

## 2.8. General outlook

### Fixed-interest Securities

#### *Sovereign / Government Bonds and money market*

For 2022, we expect an increasing and slightly positive interest rate level for the German 10-year interest rate. As announced, the ECB will gradually phase out its support measures, with PEPP coming to a complete end in March and being temporarily cushioned by an increased APP. The increased APP will then be gradually reduced to the initial level on a quarterly basis. In the event that a new and more sickening corona variant emerges, we do expect the ECB to increase, most likely this will happen through a further increase in the APP. The ECB will thus still be present in the markets through both the reinvestment of the current balance sheet and direct purchases from APP.

Due to the outbreak of the Omicron variant of COVID-19 and the additional lockdowns in the first months of 2022, market sentiment at the beginning of this year will mainly be influenced by the developments in this regard. Furthermore, we expect that higher inflation will become less seen as a temporary phenomenon and it is expected that it will remain well above 2% in 2022.

We remain very conservative on Italy, especially because of the political unrest that is constantly lurking. This remains highly dependent on the choices Prime Minister Mario Draghi will make, especially the choice not to become president will be viewed positively by the market because as Prime Minister he will have more opportunities to reform the Italian economy. This would then ensure that the spread in interest rates between Italian and German government debt remains low, even though there is a good chance that it will widen slightly as support programs come to an end. We will take small positions through trades in the range of this spread. We are positive about peripheral countries in general, as the ECB has full control.

Building tensions and Russian forces on the Ukrainian border in the spring of 2022 did not bode well, and when the invasion finally started unexpectedly, investors responded by selling risky assets and buying safe government debt. As a result, interest rates on government debts of safe eurozone countries fell sharply, but this was short-lived.

It soon became clear that the war in Ukraine would have a significant effect on energy prices, especially gas and oil prices rose sharply, fueling further inflation. The ECB has therefore raised its expectation for inflation in the coming years and has announced that the monetary stimulus through the asset purchase program (APP) would be phased out more quickly. We therefore expect that the ECB will also increase its deposit rate by 25 basis points at least once in 2022. At the moment, the market is already pricing in almost 3 increases for this year.

Increased spending on both defense and energy self-sufficiency will be high on the list of priorities in Europe in the coming years and spending on these will naturally stimulate inflation. It cannot therefore be ruled out that interest rates may also rise further after 2022, because the ECB will have to pursue a more restrictive monetary policy in order to counteract further upward inflationary pressure. As a result, the yield on longer-term government bonds will also rise further.

#### *Corporate bonds*

We anticipate a more difficult year for the corporate bond market for the year 2022.

That estimate is mainly based on the expectation that central banks will act against inflationary tensions, and that they will turn towards a more restrictive monetary policy than in previous years. For the European corporate bond market, technical support from the ECB will diminish, and may even be phased out altogether.

After Russia's invasion of Ukraine, inflationary tensions have increased further due to higher energy and commodity prices, which also put further upward pressure on interest rates and spreads.

The underlying fundamental characteristics of the market remain intact for the time being, with continued economic growth and a strong financial starting position of most companies and banks.

We therefore expect spreads to widen, but avoid recession levels.

The Hague, 21 April 2022

The investment manager

Signed on behalf of Aegon Investment Management B.V. by:

R.R.S. Santokhi  
B. Bakker  
O.A.W.J. van den Heuvel

### 3 Annual Report 2021 AEAM Core Eurozone Government Bond Fund

1 January 2021 through 31 December 2021



### 3.1. General information

#### Date of incorporation

The fund was established on 2 May 2000.

#### Profile

The fund is a fund for joint account (Dutch: “fonds voor gemene rekening”). The participations are only available to qualified investors (Dutch: “gekwalificeerde beleggers”) as defined in the Dutch Act on Financial Supervision (Dutch: “Wet op het financieel toezicht”).

#### Investment Policy

The fund invests, directly or indirectly, in euro-denominated government securities of countries in the Core Eurozone benchmark. The investment policy is aimed at adding value, for example by taking duration and yield curve positions and by means of an active country selection policy.

#### Objective

The investment policy is aimed at achieving a higher total return than the benchmark.

#### Sustainability policy (art. 8 SFDR)

This fund promotes ecological or social characteristics in the following way:

This Fund actively avoids investing in companies that have significant adverse impact on biodiversity, environment, human rights and wellbeing. No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the financial product.

In its investment policy, the fund manager has taken into account the beforementioned ecological or social characteristics.

In addition, the Taxonomy Regulation requires disclosure on how and to what extent the investments of each fund are in economic activities that qualify as environmentally sustainable pursuant to those criteria. This information and a brief explanation of the regulation are set out below.

Regulation (EU) 2020/852 regarding the establishment of a framework to promote sustainable investments (Taxonomy Regulation) establishes criteria for determining whether an economic activity qualifies as environmentally sustainable in the context of particular environmental objectives. As at the date hereof, the only such objectives are climate change mitigation and adaptation (the “Climate Objectives”).

In order for an investment to qualify as environmentally sustainable as at the date hereof, it must meet a number of different criteria, including that it contributes substantially to a Climate Objective, as measured according to the technical screening criteria set out in the Taxonomy Regulation, and that it must not significantly harm any of the other environmental objectives set out in the Taxonomy Regulation.

The technical screening criteria are very detailed and require the availability of multiple, specific data points regarding each investment. As at the date hereof, there is insufficient data available to be able to assess investments using the technical screening criteria. As such, the fund is not in a position to describe: (a) the extent to which the investments of the fund are in economic activities that qualify as environmentally sustainable pursuant to the technical screening criteria; (b) the proportion, as a percentage of the portfolio as a whole, of investments in environmentally sustainable economic activities; or (c) the proportion, as a percentage of the portfolio as a whole, of enabling and transitional activities (as such are described in the Taxonomy Regulation). Therefore, the fund manager considers that the most prudent course of action, at present, is to disclose that 0% of such funds' investments are in environmentally sustainable economic activities for the purposes of the Taxonomy Regulation.

The “do no significant harm” principle referred to above applies only to those investments underlying the relevant fund that take into account the EU criteria for environmentally sustainable economic activities; investors should note that at present none of the relevant funds take into account the EU criteria for environmentally sustainable economic activities.

The fund manager is keeping this situation under active review and where sufficient reliable, timely and verifiable data on the investment becomes available, it will re-evaluate its approach to the Taxonomy Regulation and relevant documentation will be updated.

### **Benchmark**

ICE BAML Core Eurozone Government Bond Index (Customized).

### **Restrictions**

#### *Investment restrictions*

The fund may invest in developed country government bonds, inflation-linked bonds, private loans and cash. The fund's freely available cash position must be between -5% and 5% of the fund's assets. Derivative financial instruments (derivatives): credit default swaps, fixed income futures, interest rate options, interest rate swaps, inflation swaps and forward exchange contracts are also allowed. In addition, the fund may use repo transactions.

#### *Investment Strategies*

The maximum off-benchmark position is 20% of the fund's assets. The off-benchmark positions may be invested in government-guaranteed loans from benchmark countries, agencies or supranationals.

#### *Rating*

The fund does not invest in government bonds with a rating lower than AA. If a rating limit is exceeded due to the downgrade of the status of a bond, those bonds will be sold as soon as possible, in the interest of the participants, but within a maximum period of 3 months. The purchase of these bonds is not permitted during this period. If a bond is upgraded and will be included in the benchmark in due course, the fund can anticipate this for a maximum of 3 months in the interest of the participants. The rating definition of the benchmark provider is seen as determining the rating of a bond.

#### *Counterparty*

The minimum credit rating of counterparties for swaps is BBB.

#### *Leverage*

The permitted leverage, or the exposure resulting from using the permitted credit margin and/or entering into contracts in derivative financial instruments (in accordance with the method based on commitments made), is a maximum of 100% of the fund's assets. The permitted leverage, based on the gross method, is 300% of the fund's assets. These instruments (derivatives) are only used if this is in line with the realization of the fund objective, to hedge risks and/or for efficient portfolio management.

#### *Short term deviations*

Short term deviations from the above restrictions are possible due to large subscriptions to the fund or redemptions from the fund. Such deviations are brought back to the predetermined limits within a period of 10 business days.

### **Fiscal status**

The fund is fiscally transparent, which means that the fund is not liable for corporate tax (or subject to any other tax on profits) and is not subject to dividend withholding tax. The assets, liabilities and results of the fund are directly allocated for tax purposes to the participants of the fund in proportion to their participation. Income or capital gains earned by a participant are regarded as income or capital gains made on the assets of the fund.

### **Dividend Policy**

The fund does not distribute dividend. The earned income is reinvested.

### 3.2. Report of fund manager - investment policy

In 2021, the AEAM Core Eurozone Government Bond Fund realised a return after costs of -3.54%. This was 0.11% below the benchmark, the Merrill Lynch Core Eurozone Government Bond Index (customised), which recorded a return of -3.44%. The investment policy of the fund aims at additional return by taking active positions compared to the benchmark. The fund maintains active duration, yield curve and country positions whereby we base ourselves on the Aeam Quadrants Approach. The fund also uses derivatives, like futures and options.

The outcome of the AEAM quadrants model resulted in a neutral position that anticipates the stable interest rate because of the presence of the ECB. With every new Covid-19 variant the interest rate dropped because further lockdowns and increased assistance from the central bank were taken into account in the pricing. As soon as a new variant was under control again, economic figures recorded a good recovery, which implied an increasing interest rate. The latter because further assistance from the ECB was no longer taken into account in the pricing. Because of this and in line with the model, during the year we have varied a short as well as a long duration position of alternating scope. Because the interest curve flattened significantly at the end of 2021 and the fund was positioned at further steepening of the interest curve, this curve position was reduced significantly. In countries policy, an underweighting was maintained in France and Belgium. This position was offset by an overweighting in Austria, Finland, and supranational institutions. The position in duration and on the curve contributed positively to the performance.

The fund is not exposed to currency risk because all investments are denominated in euros. As there is sufficient liquidity in the market to absorb deposits and withdrawals, the liquidity risk is also limited. The most important risk for the fund is the interest rate risk because fluctuations in the interest rate influence the price of bonds. The interest rate risk increases with the term. The fund actively anticipates expected interest rate changes and changes of the interest rate term structure, but the interest rate risk remains significant. The fund also runs a market risk because there is an active secondary market for government bonds which affects the price of bonds. There is also a concentration risk: only a limited number of governments cover a large part of the benchmark and thus the portfolio.

The aforementioned risks had a limited impact on the fund performance over the year 2021, with the exception of the interest rate risk. As a consequence of the increasing interest rate there was a negative absolute performance. European country spreads widened during the year against Germany, which was favourable for the underweight positions in the semi-core countries.

### 3.3. Key figures

Key figures					
	2021	2020	2019	2018	2017
<b>Overview per participation<sup>1</sup></b>					
Changes in fair value	(0.53)	0.59	0.45	0.23	(0.11)
<b>Total result</b>	<b>(0.53)</b>	<b>0.59</b>	<b>0.45</b>	<b>0.23</b>	<b>(0.11)</b>
Management fee and other expenses	(0.04)	(0.04)	(0.04)	(0.03)	(0.03)
<b>Net result</b>	<b>(0.57)</b>	<b>0.55</b>	<b>0.41</b>	<b>0.20</b>	<b>(0.14)</b>
Net asset value (x € 1,000)	56,687	128,025	177,944	162,725	227,747
Outstanding number of participations	3,592,826	7,826,672	11,256,333	10,690,776	15,189,040
Net asset value per participation	15.78	16.36	15.81	15.22	14.99
<b>Performance<sup>2</sup></b>					
Performance (net asset value)	(3.54%)	3.47%	3.86%	1.52%	(0.74%)
Performance benchmark	(3.44%)	3.80%	4.25%	1.82%	(0.66%)
Outperformance	(0.11%)				
Outperformance since inception	2.19%				
Annualised outperformance since inception	0.10%				

<sup>1</sup> Amounts per participation are based on the average number of participations during the year.

<sup>2</sup> The performance is the time weighted return after costs calculated on a daily basis. The outperformance figures are presented in 2021 for the first time, therefore no comparative figures included.

## Financial statements 2021 Core Eurozone Government Bond Fund

### 3.4. Balance sheet as at 31 December 2021

Balance Sheet			
(before appropriation of result)			
(amounts x € 1,000)	Reference	2021	2020
<b>Assets</b>			
<b>Investments</b>			
Investment funds		56,323	128,050
<b>Total investments</b>	3.7.3	<b>56,323</b>	<b>128,050</b>
<b>Receivables</b>			
Outstanding transactions in financial instruments		75,110	8,811
Issue of participations		823	1,586
<b>Total receivables</b>		<b>75,933</b>	<b>10,397</b>
<b>Total assets</b>		<b>132,256</b>	<b>138,447</b>
<b>Liabilities</b>			
<b>Net asset value</b>			
Net assets before result		61,382	122,538
Result for the year		(4,695)	5,487
<b>Total net asset value</b>	3.7.5	<b>56,687</b>	<b>128,025</b>
<b>Short term liabilities</b>			
Payables to credit institutions	3.7.6	28	17
Redemption of participations		75,538	10,397
Other payables and liabilities	3.7.7	3	8
<b>Total short term liabilities</b>		<b>75,569</b>	<b>10,422</b>
<b>Total liabilities</b>		<b>132,256</b>	<b>138,447</b>

### 3.5. Profit and loss statement

Profit and loss statement			
(amounts x € 1,000)			
	Reference	2021	2020
<b>Direct result</b>			
Revaluation of investments	3.7.9	(4,393)	5,841
<b>Total investment result</b>		<b>(4,393)</b>	<b>5,841</b>
<b>Other results</b>			
Subscription and redemption fee	3.7.10	4	15
<b>Total other results</b>		<b>4</b>	<b>15</b>
<b>Operating expenses</b>			
Management fee		(226)	(273)
Service fee		(80)	(96)
<b>Total operating expenses</b>	3.7.11	<b>(306)</b>	<b>(369)</b>
<b>Net result</b>		<b>(4,695)</b>	<b>5,487</b>

### 3.6. Cash flow statement

Cash flow statement			
(amounts x € 1,000)	Reference	2021	2020
<b>Cash flow from investment activities</b>			
Purchases of investments		(16,791)	(12,731)
Sales of investments		17,826	66,373
Management fee paid		(230)	(277)
Service fee paid		(81)	(97)
<b>Net cash flow from investment activities</b>		<b>724</b>	<b>53,268</b>
<b>Cash flow from financing activities</b>			
Subscriptions		19,980	32,419
Redemptions		(20,719)	(85,674)
Received subscription and redemption fees		4	15
<b>Net cash flow from financing activities</b>		<b>(735)</b>	<b>(53,240)</b>
<b>Net cash flow</b>		<b>(11)</b>	<b>28</b>
Cash and cash equivalents opening balance		(17)	(45)
<b>Cash and cash equivalents closing balance</b>	3.7.6	<b>(28)</b>	<b>(17)</b>

### 3.7. Notes to the financial statements

#### 3.7.1 General

The accounting principles and the method of calculating the ratios are included in chapter 11.

#### 3.7.2 Subsequent events

There have been no events after the balance sheet date for which disclosure is required.

#### 3.7.3 Investments

Movement schedule of investments		
(amounts x € 1,000)	2021	2020
<i>Investment funds</i>		
Opening balance	128,050	178,318
Purchases	16,791	12,731
Sales	(84,125)	(68,840)
Revaluation	(4,393)	5,841
<b>Closing balance</b>	<b>56,323</b>	<b>128,050</b>

#### 3.7.4 Risks with respect to financial instruments

This paragraph shows the important risks associated with the investments of the fund.

##### Price risk

Price risk can be divided into:

- Currency risk is the risk that the value of a financial instrument will fluctuate as a result of changes in exchange rates;
- Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, either caused by factors that exclusively apply to the individual instrument or the issuer thereof or by factors that influence all instruments that are traded in the market;
- Interest rate risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market interest rates.

The concept of price risk does not only comprise possibility of losses but also the possibility of gains.

##### Currency risk

There is no active currency policy. The fund mainly has investments in its portfolio that are quoted in euros. As a result, the fund is not exposed to significant currency risk.

##### Market risk

The fund only has investments in Aegon Investment Funds that invest in Europe. As a result, the fund is indirectly exposed to significant market risk.

Portfolio overview				
(amounts x € 1,000)	2021		2020	
Investment	Amount	% of NAV	Amount	% of NAV
AEGON Obligaties Euro Pool	56,323	99.4	128,050	100.0
<b>Total as at 31 December</b>	<b>56,323</b>	<b>99.4</b>	<b>128,050</b>	<b>100.0</b>

#### Interest rate risk

The fund invests indirectly through the underlying investment funds in fixed-income financial instruments and bond futures and is therefore indirectly exposed to significant interest rate risk.

#### **Cash flow risk**

Cash flow risk is the risk that future cash flows of a monetary financial instrument will fluctuate in size.

The fund does not invest in financial instruments with variable interest rates and is therefore not exposed to significant cash flow risk.

#### **Credit risk**

Credit risk is the risk that counterparties of investments cannot meet their obligations, causing the fund to incur a financial loss.

The amount that best represents the maximum credit risk of the fund is €75,933,000 (2020: €10,397,000). Including the financial instruments sensitive to credit risk in the underlying investment funds, the amount that best reflects the maximum credit risk of the fund is €132,256,000 (2020: €138,447,000).

The fund invests in financial instruments that are sensitive to credit risk and are therefore exposed to significant credit risk.

#### **Liquidity risk**

Liquidity risk, also known as 'funding risk', is the risk that the fund is not able to meet the financial obligations associated with its financial instruments or redemptions by participants. Liquidity risk can, among others, occur from the inability to sell a financial asset in the short term for (an amount close to) its fair value.

The participations of the fund are traded on a daily basis. The fund invests in freely tradable listed securities through its underlying funds. As a result, the fund is not exposed to a significant liquidity risk.

### 3.7.5 Net asset value

Movement schedule net asset value		
(amounts x € 1,000)	2021	2020
<b>Net asset value participants</b>		
Opening balance	128,025	177,944
Subscriptions	19,217	20,070
Redemptions	(85,860)	(75,476)
<b>Closing balance</b>	<b>61,382</b>	<b>122,538</b>
<b>Net result for the year</b>	<b>(4,695)</b>	<b>5,487</b>
<b>Total net asset value as at 31 December</b>	<b>56,687</b>	<b>128,025</b>

Movement schedule of participations		
	2021	2020
Opening balance	7,826,672	11,256,333
Subscriptions	1,199,560	1,243,292
Redemptions	(5,433,406)	(4,672,953)
<b>Closing balance</b>	<b>3,592,826</b>	<b>7,826,672</b>



Historical summary	2021	2020	2019
Net asset value (X € 1,000)	56,687	128,025	177,944
Number of participations outstanding (units)	3,592,826	7,826,672	11,256,333
Net asset value per participation in €	15.78	16.36	15.81
Performance (net asset value)	(3.54%)	3.47%	3.86%

### 3.7.6 Payables to credit institutions

The debts to credit institutions consist of short-term debts in current account with the banker of the fund.

### 3.7.7 Other payables

Other payables (amounts x € 1,000)	2021	2020
Management fee payable	2	6
Service fee payable	1	2
<b>Total as at 31 December</b>	<b>3</b>	<b>8</b>

### 3.7.8 Profit and loss statement

The accounting principles and the method of calculating the ratios are included in chapter 11.

### 3.7.9 Changes in fair value of investments

Changes in fair value of investments (amounts x € 1,000)	2021	2020
Realised price- and currency gains investment funds	974	3,544
Unrealised price- and currency gains investment funds	-	2,297
Unrealised price- and currency losses investment funds	(5,367)	-
<b>Total as at 31 December</b>	<b>(4,393)</b>	<b>5,841</b>

### 3.7.10 Subscription and redemption fee

The subscription and redemption fees are 0.01% of the transaction amount. The fees charged are entirely to the benefit of the fund.

### 3.7.11 Costs and fees

Identified transaction costs (amounts x € 1,000)	2021	2020
Investment funds	3	10
<b>Total transaction costs</b>	<b>3</b>	<b>10</b>

#### Management fee

The annual management fee amounts to 0.17%.

#### Service fee

The service fee is 0.06% per year on the fund's assets up to € 500 million. A service fee of 0.05% applies to the fund assets of €500 million to €1.5 billion. A service fee of 0.04% applies to fund assets above € 1.5 billion.

**Ongoing Charges Figure (OCF)**

The overview below shows the costs during the year:

OCF		
(amounts x € 1,000)	2021	2020
Average net asset value	133,189	160,053
Total costs within the fund including fee sharing agreements	306	369
Accrued costs underlying Aegon investment funds	5	2
<b>Total costs</b>	<b>311</b>	<b>371</b>
<b>OCF</b>	<b>0.23%</b>	<b>0.23%</b>

**Turnover Ratio (TR)**

The TR gives an indication of the turnover of the fund's investment portfolio by providing insight in the extent to which the fund manager actively changes the investment portfolio based on his investment decisions.

TR		
(amounts x € 1,000)	2021	2020
Purchases of investments	16,791	12,731
Sales of investments	84,125	68,840
<b>Total investment transactions</b>	<b>100,916</b>	<b>81,571</b>
Subscriptions	16,935	12,859
Redemptions	83,577	68,265
<b>Total movements in participations</b>	<b>100,512</b>	<b>81,124</b>
Average net asset value	133,189	160,053
<b>TR</b>	<b>0</b>	<b>0</b>

**Other notes**

The other notes are an integral part of the financial statements and are included in chapter 12.

## 4 Annual Report 2021 AEAM Strategic Liability Matching Fund

1 January 2021 through 31 December 2021

#### 4.1. General information

##### **Date of incorporation**

The fund was established on 1 August 2005.

##### **Profile**

The fund is a fund for joint account (Dutch: “fonds voor gemene rekening”). The participations are only available to qualified investors (Dutch: “gekwalificeerde beleggers”) as defined in the Dutch Act on Financial Supervision (Dutch: “Wet op het financieel toezicht”).

##### **Investment Policy**

The objective of the fund is to hedge the interest rate risk for a pension fund in an efficient way as part of the fixed income portfolio. The fund uses interest rate swaps to raise the interest rate sensitivity and therefore has a substantial leverage ratio which results in a higher volatility of the participation value compared to an average fixed income fund. The fund uses collateral as a buffer to manage the counterparty risk. Strong movements in the participation value may result in capital contributions from the participants or capital distributions made available from the other components of the investment portfolio.

##### **Objective**

The objective of the fund is to hedge the market interest rate risk of the liabilities of an average Dutch pension fund. By hedging the interest rate risk, the change in value of the total fixed income portfolio is aligned with the change in value of pension liabilities. The average pension liabilities and investments are based on data from the Dutch Central Bank (DNB). More information can be obtained from the fund manager, a brochure is also available.

##### **Sustainability policy (art. 6 SFDR)**

The Taxonomy Regulation establishes criteria for determining whether an economic activity qualifies as environmentally sustainable in the context of particular environmental objectives. To date, the only such objectives are climate change mitigation and adaptation (the “Environmental Goals”).

The Taxonomy Regulation also requires disclosure regarding how and to what extent the investments of each fund are in economic activities that qualify as environmentally sustainable pursuant to those criteria. The manager advises Investors that the underlying investments of this fund do not take into account the EU criteria for environmentally sustainable economic activities.

##### **Benchmark**

The fund uses a benchmark to control the fund's interest rate sensitivity, but does not use this benchmark for performance purposes.

##### **Restrictions**

###### *Investment restrictions*

The fund may invest in derivative financial instruments (derivatives), government bonds of developed countries and cash and cash equivalents. Allowable derivative financial instruments (derivatives) are: interest rate swaps and fixed income futures. In addition, the fund may engage in repurchase transactions. The fund's cash position must be between -50% and 100% of the net asset value. Any deviation is corrected within a period of three days.

#### *Management of interest rate sensitivity*

The fund has a benchmark for the management of interest rate sensitivity. This benchmark is based on data from DNB. The desired interest rate sensitivity per unit can be determined with this benchmark. This applies both to the overall interest rate sensitivity as well as to the interest rate sensitivity of different segments of the yield curve. The total interest rate sensitivity of the fund may not exceed 2.5% from the benchmark. When exceeding this limit, for example due to large inflow or outflow into or out of the fund, corrective measures must be taken within three business days to comply with this limit. A maximum deviation of 1.5% is allowed for maturity buckets up to five years compared to the total interest rate sensitivity to the benchmark. The maximum deviation for duration buckets greater than or equal to 10 years is 5%. When exceeding one or more of these limits for the different durations, for example, due to large increases or outflow into or out of the fund, corrective measures must be taken within one month to comply with these limits.

#### *Buffer*

The fund holds a buffer as collateral for the derivative positions. The buffer is invested in accordance with the policy of the AEAM Core Eurozone Government Bond Index Fund.

#### *Capital contributions and distributions*

The value of a participation is highly dependent on the market interest rates. This results in a high volatility of the net asset value per participation. The value of the participation has an upper and lower limit on the end of the month and an additional lower limit intra month. If the value of a participation is above or below these limits, respectively a distribution or contribution is made to match the reference value. The reference value is between the lower and upper limit. In such case, the participation value is decreased or increased within two working days to match the new reference value.

#### *Rating*

The fund will invest in bonds with a minimum rating of AA. After a breach of a rating limit due to the downgrade of a bond, the bonds will (in the best interest of the participants) be sold as soon as possible but no later than 3 months after the downgrade event. In such a situation, these bonds cannot be purchased when they continue exceeding the limit. If the rating of a bond is upgraded and in time will be included in the benchmark, the fund can, in the interest of the participants, take positions in the bond up to 3 months before it is included in the benchmark. The rating definition of the benchmark provider is determined for the rating of a bond.

#### *Counterparty*

The minimum credit rating of counterparties for swaps is BBB.

#### *Leverage*

The permitted leverage, i.e. the exposure resulting from using the permitted credit facility and/or entering into contracts in derivative financial instruments (in accordance with the method based on commitments made), is a maximum of 2,000% of the fund's assets. The permitted leverage, based on the gross method, is 4,500% of the fund's assets. These instruments (derivatives) are only used if this is in line with the realization of the fund objective, to hedge risks and/or for efficient portfolio management.

#### *Short term deviations*

Short-term deviations from the above restrictions are possible as a result of large entry into or exit from the fund. Such deviations will be brought back within the established limits within a period of 1 month (unless otherwise stated).

#### **Fiscal status**

The fund has obtained the status of an exempt investment institution and is therefore completely exempt from Dutch corporate income tax on the results achieved by that fund. The exemption is subject to certain conditions, including the type of investments. In addition, the fund must, for example, also invest with the principle of risk spreading and the fund must invest for several participants.

A fund with the status of an exempt investment institution cannot, in principle, make a claim under Dutch double taxation treaties. If foreign withholding tax is withheld from the fund's investments, it will generally not be recoverable.

The fund is exempt from withholding dividend tax on distributions to participants.

#### **Dividend Policy**

The fund does not distribute dividend. The earned income is reinvested.

## **4.2. Report of fund manager - investment policy**

The Aeam Strategic Liability Matching Fund aligns the interest rate sensitivity of the investments of pension funds with the interest rate sensitivity of the commitments. The fund is managed monthly on a variable interest rate sensitivity per participation. The fund relies almost exclusively on derivatives by means of futures and interest swaps.

In 2021 the 25-year swap interest rate in Europe increased by 52 base points to 0.52%. The value of the participations decreased – including distributions and additional payments. This was caused by the increased interest rate. The value development, including additional payments and withdrawals, moved well with the pension commitments of the participants. As the interest increased considerably in February, after the economic figures had increased sharply due to the easing of the lockdowns, an additional payment was made in February.

The portfolio managers are bound by the restrictions that the mandate imposes on counterparties and the portfolio composition. Risk managers assess the compliance with these restrictions. The fund does not run a currency risk because all investments are denominated in euros. The liquidity risk is limited because there is sufficient liquidity in the market to absorb deposits and withdrawals. The credit risk is also limited: although the risk exists that the counterparty in a swap cannot comply with its obligations, collateral security agreements limit this risk. Moreover, the bonds in the fund are government bonds for which the credit risk is limited.

The aforementioned risks had a limited impact on the fund performance over the year 2021, with the exception of the interest rate risk. As a result of the increased interest rate the value of the fund decreased.

## 4.3. Key figures

Key figures					
	2021	2020	2019	2018	2017
<b>Overview per participation<sup>3</sup></b>					
Changes in fair value	(11,248.20)	13,137.22	12,990.90	1,508.76	(4,924.74)
Investment result	1,316.35	1,901.19	1,351.72	1,279.18	1,262.14
Other results	14.41	15.53	8.94	4.87	16.45
<b>Total result</b>	<b>(9,917.44)</b>	<b>15,053.94</b>	<b>14,351.56</b>	<b>2,792.81</b>	<b>(3,646.15)</b>
Management fee and other expenses	(260.39)	(1,147.54)	(397.42)	(99.14)	(112.75)
<b>Net result</b>	<b>(10,177.83)</b>	<b>13,906.40</b>	<b>13,954.14</b>	<b>2,693.67</b>	<b>(3,758.90)</b>
Net asset value (x € 1,000)	1,917,896	2,482,552	1,652,190	1,619,076	1,622,462
Outstanding number of participations	72,096	70,410	68,812	66,839	75,390
Net asset value per participation	26,601.77	35,258.51	24,010.38	24,223.40	21,520.92
<b>Performance<sup>4</sup></b>					
Performance (net asset value)	(30.04%)	46.85%	56.64%	12.58%	(14.66%)

<sup>3</sup> Amounts per participation are based on the average number of participations during the year.

<sup>4</sup> The performance is the time weighted return after costs calculated on a daily basis.

## Financial statements 2021 AEAM Strategic Liability Matching Fund

### 4.4. Balance sheet as at 31 December 2021

<b>Balance Sheet</b>			
(before appropriation of result)			
(amounts x € 1,000)	Reference	2021	2020
<b>Assets</b>			
<b>Investments</b>			
Bonds		1,996,730	2,402,053
Call money		348,749	561,380
Futures		59	-
Interest rate swaps		18,802	118,078
<b>Total investments</b>	4.7.3	<b>2,364,340</b>	<b>3,081,511</b>
<b>Receivables</b>			
Outstanding transactions in financial instruments		37,912	-
Issue of participations		4,757	24,711
Collateral receivables		118,676	26,011
Other receivables	4.7.5	60,498	39,026
<b>Total receivables</b>		<b>221,843</b>	<b>89,748</b>
<b>Total assets</b>		<b>2,586,183</b>	<b>3,171,259</b>
<b>Liabilities</b>			
<b>Net asset value</b>			
Net assets before result		2,643,864	1,515,607
Result for the year		(725,968)	966,945
<b>Total net asset value</b>	4.7.7	<b>1,917,896</b>	<b>2,482,552</b>
<b>Investments</b>			
Futures		-	2
Total return swaps		512,369	552,356
Interest rate swaps		138,679	44,369
<b>Total investments</b>	4.7.3	<b>651,048</b>	<b>596,727</b>
<b>Short term liabilities</b>			
Redemption of participations		17,163	7,559
Collateral payable		-	81,757
Other payables and liabilities	4.7.8	76	2,664
<b>Total short term liabilities</b>		<b>17,239</b>	<b>91,980</b>
<b>Total liabilities</b>		<b>2,586,183</b>	<b>3,171,259</b>



#### 4.5. Profit and loss statement

Profit and loss statement			
(amounts x € 1,000)	Reference	2021	2020
<b>Direct result</b>			
Interest bonds		44,113	36,554
Interest rate swaps		46,076	93,799
Interest bank accounts		9	965
Interest repo's		3,695	876
<b>Total direct result</b>		<b>93,893</b>	<b>132,194</b>
Revaluation of investments	4.7.10	(802,316)	913,462
<b>Total investment result</b>		<b>(708,423)</b>	<b>1,045,656</b>
<b>Other results</b>			
Subscription and redemption fee	4.7.11	1,011	1,076
Other results		17	4
<b>Total other results</b>		<b>1,028</b>	<b>1,080</b>
<b>Operating expenses</b>			
Management fee		(5,918)	(5,545)
Service fee		(107)	(105)
Transactions costs derivatives		(1,268)	(1,554)
Interest swaps		(8,021)	(69,395)
Interest call money		(2,736)	(2,306)
Interest bank accounts		(511)	(188)
Interestlasten repo's		(12)	(698)
<b>Total operating expenses</b>	4.7.12	<b>(18,573)</b>	<b>(79,791)</b>
<b>Net result</b>		<b>(725,968)</b>	<b>966,945</b>

## 4.6. Cash flow statement

Cash flow statement			
(amounts x € 1,000)	Reference	2021	2020
<b>Cash flow from investment activities</b>			
Purchases of investments		(1,389,891)	(1,534,166)
Sales of investments		1,108,524	1,890,998
Net receipts/(payments) for call money transactions		212,631	(424,349)
Net receipts/(payments) for collateral		(174,422)	182,443
Interest received		72,421	122,150
Received other gains		17	4
Management fee paid		(5,842)	(5,679)
Service fee paid		(107)	(115)
Interest paid		(13,944)	(73,006)
Other expenses paid		(1,268)	(1,554)
<b>Net cash flow from investment activities</b>		<b>(191,881)</b>	<b>156,726</b>
<b>Cash flow from financing activities</b>			
Contributions		128,324	-
Disbursements		-	(195,849)
Subscriptions		323,839	184,271
Redemptions		(261,293)	(146,224)
Received subscription and redemptions fees		1,011	1,076
<b>Net cash flow from financing activities</b>		<b>191,881</b>	<b>(156,726)</b>
<b>Net cash flow</b>		<b>-</b>	<b>-</b>
Cash and cash equivalents opening balance		-	-
<b>Cash and cash equivalents closing balance</b>	4.7.6	-	-

## 4.7. Notes to the financial statements

### 4.7.1 General

The accounting principles and the method of calculating the ratios are included in chapter 11.

### 4.7.2 Subsequent events

There have been no events after the balance sheet date for which disclosure is required.

### 4.7.3 Investments

Movement schedule of investments		
(amounts x € 1,000)	2021	2020
<i>Bonds</i>		
Opening balance	2,402,053	1,489,071
Purchases	862,072	1,534,166
Sales	(1,145,758)	(652,030)
Revaluation	(121,637)	30,846
<b>Closing balance</b>	<b>1,996,730</b>	<b>2,402,053</b>
<i>Call money</i>		
Opening balance	561,380	137,031
Net amount for transactions in call money	(212,631)	424,349
<b>Closing balance</b>	<b>348,749</b>	<b>561,380</b>
<i>Futures</i>		
Opening balance	(2)	(1,892)
Sales and expiry of position	(678)	(8,915)
Revaluation	739	10,805
<b>Closing balance</b>	<b>59</b>	<b>(2)</b>
<i>Repo's</i>		
Opening balance	(552,536)	-
Settlement of positions	40,167	(552,356)
<b>Eindstand</b>	<b>(512,369)</b>	<b>(552,356)</b>
<i>Interest rate swaps</i>		
Opening balance	73,709	(120,405)
Opening positions	487,832	(677,695)
Settlement of positions	-	(2)
Revaluation	(681,418)	871,811
<b>Closing balance</b>	<b>(119,877)</b>	<b>73,709</b>

The investment portfolio at year-end contains the following derivatives:

Futures					
(amounts x € 1,000)					
Description	Expiration date	Number	Exposure value	Contract value	Fair value
EURO BUXL 30 YR BOND	31/12/2051	(30)	(6,202)	(6,231)	29
EURO-BUND FUTR	31/12/2031	(50)	(8,569)	(8,583)	14
EURO-SCHATZ FUT	31/12/2026	(112)	(12,547)	(12,563)	16
<b>Total as at 31 December</b>			<b>(27,318)</b>	<b>(27,377)</b>	<b>59</b>

Interest rate swaps									
(amounts x € 1.000)									
Counterparty	Maturity date	Nominal Value	Fixed Rate %	L/S	Floating Rate %	L/S	Value Fixed %	Value Floating %	Market Value
BofA	2/23/2061	710,050	0.9710%	L	-4.2320%	S	686,970	(739,073)	(52,103)
BNP Paribas	2/23/2036	311,700	1.4590%	L	-5.2900%	S	1,305,900	(1,378,012)	(72,112)
BNP Paribas	4/14/2061	3,100	1.3407%	L	-1.5690%	S	31,343	(31,204)	139
BNP Paribas	5/4/2051	28,400	1.0466%	S	-1.0680%	L	(51,556)	50,255	(1,301)
BNP Paribas	5/11/2051	10,600	0.9822%	L	-1.0660%	S	18,726	(18,434)	292
BNP Paribas	6/2/2061	8,100	0.9836%	L	-1.0760%	S	22,594	(22,243)	351
BofA	6/4/2046	9,200	0.9850%	L	-1.0820%	S	17,154	(16,985)	169
BofA	7/7/2061	15,300	1.3406%	L	-1.5390%	S	66,248	(66,509)	(261)
BNP Paribas	7/9/2061	16,400	2.1338%	L	-3.0660%	S	116,152	(119,463)	(3,311)
BNP Paribas	7/9/2051	15,000	0.7096%	L	-1.0220%	S	35,101	(36,046)	(945)
BNP Paribas	7/13/2061	13,200	0.3325%	S	-0.5140%	L	(13,274)	13,597	323
BofA	7/15/2046	14,500	2.1903%	L	-3.0780%	S	89,739	(91,959)	(2,220)
BofA	8/5/2023	166,000	-0.8773%	S	-1.0500%	L	(220,419)	221,712	1,293
BofA	8/10/2051	11,600	0.4184%	S	-1.0480%	L	(27,665)	29,867	2,202
BNP Paribas	8/25/2061	19,000	0.3505%	L	-1.0580%	S	34,091	(37,043)	(2,952)
BNP Paribas	8/27/2046	17,500	0.4344%	S	-1.0560%	L	(43,391)	46,850	3,459
BofA	9/2/2051	4,300	0.8456%	S	-1.5660%	L	(38,514)	40,575	2,061
BNP Paribas	9/6/2051	19,200	0.3300%	L	-0.5200%	S	18,982	(19,769)	(787)
BofA	9/9/2061	20,000	0.3128%	L	-0.5180%	S	19,972	(20,603)	(631)
BofA	10/7/2061	5,600	1.5511%	L	-1.5750%	S	28,688	(28,309)	379
BNP Paribas	10/20/2061	9,700	0.8943%	L	-1.0540%	S	28,734	(28,823)	(89)
BofA	11/2/2051	19,200	0.4661%	L	-1.0540%	S	29,958	(31,925)	(1,967)
BofA	11/10/2051	2,300	0.5804%	S	-1.0740%	L	(13,013)	13,700	687
BofA	11/10/2051	15,000	0.3287%	S	-0.5370%	L	(14,828)	15,444	616
BNP Paribas	12/6/2046	24,200	0.3908%	S	-1.0820%	L	(38,009)	41,074	3,065
BofA	12/10/2041	15,500	0.7540%	S	-1.6200%	L	(53,816)	57,434	3,618
BNP Paribas	1/3/2047	16,600	0.8751%	S	-1.0920%	L	(26,617)	26,765	148
<b>Total as at 31 December</b>									<b>(119,877)</b>

#### 4.7.4 Risks with respect to financial instruments

This paragraph shows the important risks associated with the investments of the fund.

##### Price risk

Price risk can be divided into:

- Currency risk is the risk that the value of a financial instrument will fluctuate as a result of changes in exchange rates;
- Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, either caused by factors that exclusively apply to the individual instrument or the issuer thereof or by factors that influence all instruments that are traded in the market;
- Interest rate risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market interest rates.

The concept of price risk does not only comprise possibility of losses but also the possibility of gains.

#### Currency risk

There is no active currency policy. The fund predominantly has euro investments and is therefore not exposed to significant currency risk.

#### Market risk

The risk incurred as a result of changes in market prices is limited by the investments in the diversify the portfolio across regions and sectors as much as possible.

Top 10 investments				
(amounts x € 1,000)				
2021				
Investment	%	Maturity date	Amount	% of NAV
Bundesrepub. Deutschland	6.500	7/4/2027	130,875	6.8
Bundesrepub. Deutschland	6.250	1/4/2030	128,149	6.7
France (Govt Of)	3.500	4/25/2026	100,520	5.2
Bundesrepub. Deutschland	1.500	5/15/2024	94,677	4.9
France (Govt Of)	5.500	4/25/2029	91,867	4.8
France (Govt Of)	-	3/25/2024	70,908	3.7
Bundesrepub. Deutschland	5.500	1/4/2031	65,223	3.4
France (Govt Of)	5.750	10/25/2032	60,715	3.2
Belgium Kingdom	0.800	6/22/2025	58,554	3.1
Bundesrepublik Deutschland Bundesanleihe	4.000	1/4/2037	53,742	2.8
<b>Total as at 31 December</b>			<b>855,230</b>	<b>60.0</b>

Top 10 investments				
(amounts x € 1,000)				
2020				
Investment	%	Maturity date	Amount	% of NAV
France (Govt Of)	3.500	7/4/2027	151,055	6.1
Bundesrepub. Deutschland	6.500	1/4/2021	136,550	5.5
Bundesrepub. Deutschland	1.500	4/25/2026	96,969	3.9
France (Govt Of)	2.500	5/15/2024	81,768	3.3
Bundesrepub. Deutschland	5.500	5/25/2030	81,570	3.3
Bundesrepub. Deutschland	6.250	1/4/2021	80,539	3.2
France (Govt Of)	-	1/4/2030	78,800	3.2
France (Govt Of)	5.750	3/25/2024	75,875	3.1
Bundesrepub. Deutschland	1.000	10/25/2032	71,987	2.9
Bundesrepub. Deutschland	1.500	8/15/2025	66,436	2.7
<b>Total as at 31 December</b>			<b>921,549</b>	<b>37.1</b>

#### Interest rate risk

The fund invests in long-term fixed income financial instruments and is therefore exposed to a significant interest rate risk. Within the fund, this is a conscious choice in view of the fund's aim to achieve the intended goal to align the interest rate risk profile of a participant's total fixed-income portfolio with the individually desired interest rate risk profile.

The overview below shows the distribution of the interest rate risk of the total portfolio, also taking into account associated with the interest rate swaps. A negative market value in the blocks "Less than a year", "Between 1 and 5 years" and "Between 5 and 10 years" is the result of the short legs of these interest rate swaps. An interest rate swap usually involves a short or variable interest rate (the short leg) is exchanged for a long interest rate (the long leg). The short-term interest rate is paid, the short leg, therefore has a negative market value and a term of less than one year.

Exposure interest rate risk 2021						
(amounts x € 1,000)						
2021						
	Shorter than 1 year	Between 1 and 5 years	Between 5 and 10 years	Between 10 and 20 years	Longer than 20 years	Total
Bonds	-	655,108	671,306	366,781	303,535	1,996,730
Bonds/futures	-	(12,547)	(8,569)	-	(6,202)	(27,318)
Interest rate swaps	(2,129,126)	(1,631,578)	(1,520,381)	539,687	4,621,521	(119,877)
Call money	348,749	-	-	-	-	348,749
Repurchase agreements*	(512,369)	-	-	-	-	(512,369)
<b>Total</b>	<b>(2,292,746)</b>	<b>(989,017)</b>	<b>(857,644)</b>	<b>906,468</b>	<b>4,918,854</b>	<b>1,685,915</b>

\* The repos are short-term and will expire at the end of 13 May 2022 and have been concluded at an average interest rate of -0.63%.

Exposure interest rate risk 2020						
(amounts x € 1,000)						
2020						
	Shorter than 1 year	Between 1 and 5 years	Between 5 and 10 years	Between 10 and 20 years	Longer than 20 years	Total
Bonds	5,034	845,331	671,892	466,637	413,159	2,402,053
Bonds/futures	-	-	13,518	-	7,208	20,726
Interest rate swaps	(3,667,290)	(1,317,729)	(522,900)	832,724	4,748,905	73,710
Call money	561,380	-	-	-	-	561,380
Repurchase agreements*	(552,356)	-	-	-	-	(552,356)
<b>Total</b>	<b>(3,653,232)</b>	<b>(472,398)</b>	<b>162,510</b>	<b>1,299,361</b>	<b>5,169,272</b>	<b>2,505,513</b>

\* The repos are short-term and will expire at the latest at the end of April 2021 and have been concluded at an average interest rate of -0.52%.

The following overviews give insight in the effective interest rate of the bonds.

Breakdown bonds by interest rate type				
(amounts x € 1.000)				
2021				
	Amount	% of NAV	Amount	% of NAV
Fixed interest rate	1,996,730	104.1	2,402,053	96.7
<b>Total as at 31 December</b>	<b>1,996,730</b>	<b>104.1</b>	<b>2,402,053</b>	<b>96.7</b>

Breakdown bonds by interest rate				
(amounts x € 1.000)				
2021				
	Amount	% of NAV	Amount	% of NAV
Between 0% and 1%	508,616	26.5	463,956	18.7
Between 1% and 2%	329,587	17.2	477,322	19.1
Between 2% and 3%	166,866	8.7	315,422	12.7
Between 3% and 4%	176,577	9.2	320,373	12.9
Between 4% and 5%	240,306	12.5	322,984	13.0
Between 5% and 6%	264,504	13.8	239,958	9.7
Between 6% and 7%	310,274	16.2	262,038	10.6
<b>Total as at 31 December</b>	<b>1,996,730</b>	<b>104.1</b>	<b>2,402,053</b>	<b>96.7</b>

### Cash flow risk

Cash flow risk is the risk that future cash flows of a monetary financial instrument will fluctuate in size.

The fund invests in financial instruments with a variable interest rate and is therefore exposed to a significant cash flow risk. In the table below the bonds, bond futures, repos, call money and interest rate swaps are recognized by exposure by interest rate category.

Exposure financial instruments				
(amounts x € 1,000)				
	2021		2020	
	Amount	% of NAV	Amount	% of NAV
Fixed interest	3,978,662	207.4	6,163,779	248.3
Variable interest	(2,292,747)	(119.5)	(3,658,266)	(147.4)
<b>Total as at 31 December</b>	<b>1,685,915</b>	<b>87.9</b>	<b>2,505,513</b>	<b>100.9</b>

### Credit risk

Credit risk is the risk that counterparties of investments cannot meet their obligations, causing the fund to incur a financial loss.

The amount that best represents the maximum credit risk is € 2,567,322,000 (2020: € 3,053,181,000). The interest rate swaps are concluded with a limited number of counterparties. The fund is also exposed as a result to a significantly concentrated credit risk. ISDA contracts have been concluded with these counterparties in which collateral arrangements have been made. As a result, the credit risk is largely hedged.

Bonds portfolio breakdown by credit rating				
(amounts x € 1,000)				
	2021		2020	
Credit Rating	Amount	% of NAV	Amount	% of NAV
AAA	1,108,761	57.8	1,308,765	52.7
AA	887,969	46.3	1,093,288	44.0
<b>Total as at 31 December</b>	<b>1,996,730</b>	<b>104.1</b>	<b>2,402,053</b>	<b>96.7</b>

The credit rating was determined on the basis of data supplier Bloomberg, based on the rating according to rating agency Moody's. If this rating is not available, the rating according to rating agency S&P is assumed. If the rating at S&P is not available, the rating according to rating agency Fitch has been used.

### Liquidity risk

Liquidity risk, also known as 'funding risk', is the risk that the fund is not able to meet the financial obligations associated with its financial instruments or redemptions by participants. Liquidity risk can, among others, occur from the inability to sell a financial asset in the short term for (an amount close to) its fair value.

The participations of the fund are traded on a daily basis. The fund invests in freely tradable listed bonds. The fund also invests in interest rate swaps, which can be regarded as less liquid and the fund is therefore exposed to a significant liquidity risk. On the first working day of each month can be redeemed at the net asset value of the fund. This limits the liquidity risk.

#### 4.7.5 Other receivables

Other receivables		
(amounts x € 1,000)	2021	2020
Accrued interest	60,498	39,026
<b>Total as at 31 December</b>	<b>60,498</b>	<b>39,026</b>

#### 4.7.6 Cash and cash equivalents

No restrictions on the use of cash and cash equivalents exist.

#### 4.7.7 Net asset value

Movement schedule net asset value		
(amounts x € 1,000)	2021	2020
<b>Net asset value participants</b>		
Opening balance	2,482,552	1,652,190
Capital contributions	128,324	-
Capital distributions	-	(195,849)
Subscriptions	303,885	201,378
Redemptions	(270,897)	(142,112)
<b>Closing balance</b>	<b>2,643,864</b>	<b>1,515,607</b>
<b>Net result for the year</b>	<b>(725,968)</b>	<b>966,945</b>
<b>Total net asset value as at 31 December</b>	<b>1,917,896</b>	<b>2,482,552</b>

Movement schedule of participations		
	2021	2020
Opening balance	70,410	68,812
Subscriptions	11,003	5,769
Redemptions	(9,317)	(4,171)
<b>Closing balance</b>	<b>72,096</b>	<b>70,410</b>

Historical summary			
	2021	2020	2019
Net asset value (X € 1,000)	1,917,896	2,482,552	1,652,190
Number of participations outstanding (units)	72,096	70,410	68,812
Net asset value per participation in €	26,601.77	35,258.51	24,010.20
Performance (net asset value)	(30.04%)	46.85%	56.64%

#### 4.7.8 Other payables

Other payables		
(amounts x € 1,000)	2021	2020
Management fee payable	78	-
Service fee payable	(2)	(6)
Interest payable	-	2,670
<b>Total as at 31 December</b>	<b>76</b>	<b>2,664</b>

#### 4.7.9 Profit and loss statement

The accounting principles and the method of calculating the ratios are included in chapter 11.



#### 4.7.10 Changes in fair value of investments

Changes in fair value of investments		
(amounts x € 1,000)	2021	2020
Realised price- and currency gains bonds	24,828	8,399
Realised price- and currency losses bonds	(40,016)	(22,287)
Unrealised price- and currency gains bonds	11,486	55,036
Unrealised price- and currency losses bonds	(117,935)	(10,302)
Realised price- and currency gains futures	1,870	15,251
Realised price- and currency losses futures	(1,192)	(6,337)
Unrealised price- and currency gains futures	61	1,893
Unrealised price- and currency losses futures	-	(2)
Realised price- and currency gains interest rate swaps	195,272	1,556,346
Realised price- and currency losses interest rate swaps	(724,139)	(1,249,068)
Unrealised price- and currency gains interest rate swaps	-	564,533
Unrealised price- and currency losses interest rate swaps	(152,551)	-
<b>Total as at 31 December</b>	<b>(802,316)</b>	<b>913,462</b>

#### 4.7.11 Subscription and redemption fee

The subscription and redemption fees are €25 per participation and are entirely to the benefit of the fund. Until 25 April 2021 the subscription and redemption fees amounted to €60. Between 26 April and 30 September 2021 the subscription and redemption fees amounted to €55.

#### 4.7.12 Costs and fees

Identified transaction costs		
(amounts x € 1.000)	2021	2020
Derivatives	1,268	1,554
<b>Total transaction costs</b>	<b>1,268</b>	<b>1,554</b>

#### Management fee

The annual management fee amounts to €83 per participation. Until 30 September 2021 the annual management fee amounted to €82 per participation

#### Service fee

The annual service fee amounts to €1.50 per participation.

#### Ongoing Charges Figure (OCF)

The overview below shows the costs during the year:

OCF		
(amounts x € 1,000)	2021	2020
Average net asset value	2,032,397	2,338,587
Total costs within the fund including fee sharing agreements	6,025	5,650
<b>Total costs</b>	<b>6,025</b>	<b>5,650</b>
<b>OCF</b>	<b>0.30%</b>	<b>0.24%</b>

### Turnover Ratio (TR)

The TR gives an indication of the turnover of the fund's investment portfolio by providing insight in the extent to which the fund manager actively changes the investment portfolio based on his investment decisions.

TR	2021	2020
(amounts x € 1,000)		
Purchases of investments	1,390,071	1,534,166
Sales of investments	1,146,436	1,890,998
<b>Total investment transactions</b>	<b>2,536,507</b>	<b>3,425,164</b>
Subscriptions	257,423	160,419
Redemptions	224,433	101,152
<b>Total movements in participations</b>	<b>481,856</b>	<b>261,571</b>
Average net asset value	2,032,397	2,338,587
<b>TR</b>	<b>101</b>	<b>135</b>

### Other notes

The other notes are an integral part of the financial statements and are included in chapter 12.

## 5 Annual Report 2021 AEAM Core Eurozone Government Bond Index Fund

1 January 2021 through 31 December 2021

## 5.1. General information

### Date of incorporation

The fund was established on 15 December 2006.

### Profile

The fund is a fund for joint account (Dutch: “fonds voor gemene rekening”). The participations are only available to qualified investors (Dutch: “gekwalificeerde beleggers”) as defined in the Dutch Act on Financial Supervision (Dutch: “Wet op het financieel toezicht”).

### Investment Policy

The fund invests, directly or indirectly, mainly in bonds denominated in euro, of countries from the Core Eurozone benchmark. The fund follows a passive investment strategy.

### Objective

The investment policy is focused on following the benchmark as closely as possible.

### Sustainability policy (art. 8 SFDR)

This fund promotes ecological or social characteristics in the following way:

This Fund actively avoids investing in companies that have significant adverse impact on biodiversity, environment, human rights and wellbeing. No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the financial product.

In its investment policy, the fund manager has taken into account the beforementioned ecological or social characteristics.

In addition, the Taxonomy Regulation requires disclosure on how and to what extent the investments of each fund are in economic activities that qualify as environmentally sustainable pursuant to those criteria. This information and a brief explanation of the regulation are set out below.

Regulation (EU) 2020/852 regarding the establishment of a framework to promote sustainable investments (Taxonomy Regulation) establishes criteria for determining whether an economic activity qualifies as environmentally sustainable in the context of particular environmental objectives. As at the date hereof, the only such objectives are climate change mitigation and adaptation (the “Climate Objectives”).

In order for an investment to qualify as environmentally sustainable as at the date hereof, it must meet a number of different criteria, including that it contributes substantially to a Climate Objective, as measured according to the technical screening criteria set out in the Taxonomy Regulation, and that it must not significantly harm any of the other environmental objectives set out in the Taxonomy Regulation.

The technical screening criteria are very detailed and require the availability of multiple, specific data points regarding each investment. As at the date hereof, there is insufficient data available to be able to assess investments using the technical screening criteria. As such, the fund is not in a position to describe: (a) the extent to which the investments of the fund are in economic activities that qualify as environmentally sustainable pursuant to the technical screening criteria; (b) the proportion, as a percentage of the portfolio as a whole, of investments in environmentally sustainable economic activities; or (c) the proportion, as a percentage of the portfolio as a whole, of enabling and transitional activities (as such are described in the Taxonomy Regulation). Therefore, the fund manager considers that the most prudent course of action, at present, is to disclose that 0% of such funds’ investments are in environmentally sustainable economic activities for the purposes of the Taxonomy Regulation.

The “do no significant harm” principle referred to above applies only to those investments underlying the relevant fund that take into account the EU criteria for environmentally sustainable economic activities; investors should note that at present none of the relevant funds take into account the EU criteria for environmentally sustainable economic activities.

The fund manager is keeping this situation under active review and where sufficient reliable, timely and verifiable data on the investment becomes available, it will re-evaluate its approach to the Taxonomy Regulation and relevant documentation will be updated.

### **Benchmark**

ICE BAML Core Eurozone Government Bond Index (Customized)

### **Restrictions**

#### *Investment restrictions*

The fund may invest in developed country government bonds and cash. The fund's freely available cash position must be between -5% and 5% of the fund's assets. Derivative financial instruments (derivatives): fixed income futures are also allowed.

#### *Investment Strategies*

The maximum off-benchmark position is 0% of the fund's assets.

#### *Rating*

The fund does not invest in government bonds with a rating lower than AA. If a rating limit is exceeded due to the downgrade of the status of a bond, those bonds will be sold as soon as possible, in the interest of the participants, but within a maximum period of 3 months. The purchase of these bonds is not permitted during this period. If a bond is upgraded and will be included in the benchmark in due course, the fund can anticipate this for a maximum of 3 months in the interest of the participants. The rating definition of the benchmark provider is seen as determining the rating of a bond.

#### *Duration*

The maximum for the duration is plus or minus 0.10 years relative to the benchmark.

#### *Leverage*

The permitted leverage, i.e. the exposure resulting from using the permitted credit facility and/or entering into contracts in derivative financial instruments (in accordance with the method based on commitments made), is a maximum of 10% of the fund's assets. The permitted leverage, based on the gross method, is 110% of the fund's assets. These instruments (derivatives) are only used if this is in line with the realization of the fund objective, to hedge risks and/or for efficient portfolio management.

#### *Short term deviations*

Short term deviations from the above restrictions are possible due to large subscriptions to the fund or redemptions from the fund. Such deviations are brought back to the predetermined limits within a period of up to 10 working days.

### **Fiscal status**

The fund is fiscally transparent, which means that the fund is not liable for corporate tax (or subject to any other tax on profits) and is not subject to dividend withholding tax. The assets, liabilities and results of the fund are directly allocated for tax purposes to the participants of the fund in proportion to their participation. Income or capital gains earned by a participant are regarded as income or capital gains made on the assets of the fund.

### **Dividend Policy**

The fund does not distribute dividend. The earned income is reinvested.

## 5.2. Report of fund manager - investment policy

In 2021, the AEAM Core Eurozone Government Bond Fund realised a return after costs of -3.52%. With this, the fund performed in line with its benchmark, ICE BAML Core Eurozone Government Bond Index (Customized). After costs, this is an underperformance of 0.09% compared to the benchmark, which noted a return of -3.44%.

This index fund follows the benchmark as closely as possible and therefore pursues a passive interest rate policy. The fund limits specific fund risks as much as possible and structures the portfolio in line with the fund conditions. The portfolio managers are bound by mandate restrictions, which are assessed by risk managers. The fund does not use derivatives.

The fund does not run a currency risk because all investments are denominated in euros. Because there is sufficient liquidity in the market to absorb deposits and withdrawals, the liquidity risk is also limited. The most important risk for the fund is the interest rate risk because fluctuations in the interest rate influence the price of bonds. The interest rate risk increases with the term. The fund runs a significant interest rate risk. The fund also runs a market risk because there is an active secondary market for government bonds that affects the price of bonds. There is also a concentration risk: only a limited number of governments cover a large part of the benchmark, and thus the portfolio.

The aforementioned risks had a limited impact on the fund performance over the year 2021, with the exception of the interest rate risk. Despite the various variants of Covid-19, e.g. Delta and Omicron, which resulted in a downward pressure on the interest rate, the economic figures improved considerably. As a result, the inflation also soared. The central banks consequently announced that it shall discontinue the assistance programmes was a result of which year on year the interest rate increased in 2021. As a result of the increased interest rate the total return is -3.52%.

## 5.3. Key figures

Key figures	2021	2020	2019	2018	2017
<b>Overview per participation<sup>5</sup></b>					
Changes in fair value	(0.39)	0.48	0.58	0.28	(0.69)
<b>Total result</b>	<b>(0.39)</b>	<b>0.48</b>	<b>0.58</b>	<b>0.28</b>	<b>(0.69)</b>
Management fee and other expenses	(0,02)	(0,02)	(0,02)	(0,02)	(0,02)
<b>Net result</b>	<b>(0.41)</b>	<b>0.46</b>	<b>0.56</b>	<b>0.26</b>	<b>(0.71)</b>
Net asset value (x € 1,000)	343,944	143,592	134,497	96,879	79,562
Outstanding number of participations	25,719,734	10,360,474	10,064,906	7,549,837	6,309,044
Net asset value per participation	13.37	13.86	13.36	12.83	12.61
<b>Performance<sup>6</sup></b>					
Performance (net asset value)	(3.52%)	3.72%	4.14%	1.77%	(0.81%)
Performance benchmark	(3.44%)	3.80%	4.25%	1.82%	(0.66%)
Outperformance	(0.09%)				
Outperformance since inception	(1.23%)				
Annualised outperformance since inception	(0.10%)				

<sup>5</sup> Amounts per participation are based on the average number of participations during the year.

<sup>6</sup> The performance is the time weighted return after costs calculated on a daily basis. The outperformance figures are presented in 2021 for the first time, therefore no comparative figures included.

## Financial statements 2021 AEAM Core Eurozone Government Bond Index Fund

### 5.4. Balance sheet as at 31 December 2021

<b>Balance Sheet</b>			
(before appropriation of result)			
(amounts x € 1,000)			
	Reference	2021	2020
<b>Assets</b>			
<b>Investments</b>			
Investment funds		343,951	143,748
<b>Total investments</b>	5.7.3	<b>343,951</b>	<b>143,748</b>
<b>Receivables</b>			
Issue of participations		9,866	8,973
<b>Total receivables</b>		<b>9,866</b>	<b>8,973</b>
<b>Other assets</b>			
Cash and cash equivalents	5.7.5	1	-
<b>Total other assets</b>		<b>1</b>	<b>-</b>
<b>Total assets</b>		<b>353,818</b>	<b>152,721</b>
<b>Liabilities</b>			
<b>Net asset value</b>			
Net assets before result		350,801	139,099
Result for the year		(6,857)	4,493
<b>Total net asset value</b>	5.7.6	<b>343,944</b>	<b>143,592</b>
<b>Investments</b>			
Call money		104	-
<b>Total investments</b>	5.7.3	<b>104</b>	<b>-</b>
<b>Short term liabilities</b>			
Outstanding transactions in financial instruments		9,765	9,111
Payables to credit institutions	5.7.7	-	14
Other payables and liabilities	5.7.8	5	4
<b>Total short term liabilities</b>		<b>9,770</b>	<b>9,129</b>
<b>Total liabilities</b>		<b>353,818</b>	<b>152,721</b>

## 5.5. Profit and loss statement

Profit and loss statement			
(amounts x € 1,000)	Reference	2021	2020
<b>Direct result</b>			
Revaluation of investments	5.7.10	(6,627)	4,651
<b>Total investment result</b>		<b>(6,627)</b>	<b>4,651</b>
<b>Other results</b>			
Subscription and redemption fee	5.7.11	54	15
<b>Total other results</b>		<b>54</b>	<b>15</b>
<b>Operating expenses</b>			
Management fee		(159)	(93)
Service fee		(125)	(80)
<b>Total operating expenses</b>	5.7.12	<b>(284)</b>	<b>(173)</b>
<b>Net result</b>		<b>(6,857)</b>	<b>4,493</b>

## 5.6. Cash flow statement

Cash flow statement			
(amounts x € 1,000)	Reference	2021	2020
<b>Cash flow from investment activities</b>			
Purchases of investments		(232,006)	(41,977)
Sales of investments		25,830	45,889
Net receipts/(payments) for call money transactions		104	-
Management fee paid		(158)	(94)
Service fee paid		(125)	(80)
<b>Net cash flow from investment activities</b>		<b>(206,355)</b>	<b>3,738</b>
<b>Cash flow from financing activities</b>			
Subscriptions		237,886	44,866
Redemptions		(31,570)	(48,620)
Received subscription and redemption fees		54	15
<b>Net cash flow from financing activities</b>		<b>206,370</b>	<b>(3,739)</b>
<b>Net cash flow</b>		<b>15</b>	<b>(1)</b>
Cash and cash equivalents opening balance		(14)	(13)
<b>Cash and cash equivalents closing balance</b>	5.7.5	<b>1</b>	<b>(14)</b>



## 5.7. Notes to the financial statements

### 5.7.1 General

The accounting principles and the method of calculating the ratios are included in chapter 11.

### 5.7.2 Subsequent events

There have been no events after the balance sheet date for which disclosure is required.

### 5.7.3 Investments

Movement schedule of investments		
(amounts x € 1,000)	2021	2020
<i>Investment funds</i>		
Opening balance	143,748	134,502
Purchases	232,659	50,484
Sales	(25,830)	(45,889)
Revaluation	(6,626)	4,651
<b>Closing balance</b>	<b>343,951</b>	<b>143,748</b>
<i>Call money</i>		
Net amount for transactions in call money	(104)	-
<b>Closing balance</b>	<b>(104)</b>	-

### 5.7.4 Risks with respect to financial instruments

This paragraph shows the important risks associated with the investments of the fund.

#### Price risk

Price risk can be divided into:

- Currency risk is the risk that the value of a financial instrument will fluctuate as a result of changes in exchange rates;
- Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, either caused by factors that exclusively apply to the individual instrument or the issuer thereof or by factors that influence all instruments that are traded in the market;
- Interest rate risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market interest rates.

The concept of price risk does not only comprise possibility of losses but also the possibility of gains.

#### Currency risk

There is no active currency policy. The fund predominantly has euro investments and is therefore not exposed to significant currency risk.

#### Market risk

The fund only has investments in Aegon Investment Funds that invest in Europe. As a result, the fund is indirectly exposed to significant market risk.

Portfolio overview				
(amounts x € 1,000)	2021		2020	
Investment	Amount	% of NAV	Amount	% of NAV
AEGON Obligaties Euro Beta Pool	343,951	100.0	143,748	100.1
<b>Total as at 31 December</b>	<b>343,951</b>	<b>100.0</b>	<b>143,748</b>	<b>100.1</b>

#### Interest rate risk

The fund invests indirectly through the underlying investment funds in fixed-income financial instruments and bond futures and is therefore indirectly exposed to significant interest rate risk.

#### **Cash flow risk**

Cash flow risk is the risk that future cash flows of a monetary financial instrument will fluctuate in size.

The fund does not invest in financial instruments with variable interest rates and is therefore not exposed to significant cash flow risk.

#### **Credit risk**

Credit risk is the risk that counterparties of investments cannot meet their obligations, causing the fund to incur a financial loss.

The amount which best reflects the maximum credit risk of the fund is € 9,867,000 (2020: € 8,973,000). Including the financial instruments sensitive to credit risk in the underlying investment funds, the amount which best represents the maximum credit risk of the fund is € 353,818,000 (2020: € 152,721,000).

The fund invests in financial instruments that are subject to credit risk and therefore the fund is exposed to significant credit risk.

#### **Liquidity risk**

Liquidity risk, also known as 'funding risk', is the risk that the fund is not able to meet the financial obligations associated with its financial instruments or redemptions by participants. Liquidity risk can, among others, occur from the inability to sell a financial asset in the short term for (an amount close to) its fair value.

The participations of the fund are traded on a daily basis. The fund invests in freely tradable listed securities through its underlying funds. As a result, the fund is not exposed to a significant liquidity risk.

### 5.7.5 Cash and cash equivalents

No restrictions on the use of cash and cash equivalents exist.

### 5.7.6 Net asset value

Movement schedule net asset value		
(amounts x € 1,000)	2021	2020
<b>Net asset value participants</b>		
Opening balance	143,592	134,497
Subscriptions	238,779	53,222
Redemptions	(31,570)	(48,620)
<b>Closing balance</b>	<b>350,801</b>	<b>139,099</b>
<b>Net result for the year</b>	<b>(6,857)</b>	<b>4,493</b>
<b>Total net asset value as at 31 December</b>	<b>343,944</b>	<b>143,592</b>

Movement schedule of participations		
	2021	2020
Opening balance	10,360,474	10,064,906
Subscriptions	17,698,312	3,879,210
Redemptions	(2,339,052)	(3,583,642)
<b>Closing balance</b>	<b>25,719,734</b>	<b>10,360,474</b>

Historical summary			
	2021	2020	2019
Net asset value (X € 1,000)	343,944	143,592	134,497
Number of participations outstanding (units)	25,719,734	10,360,474	10,064,906
Net asset value per participation in €	13.37	13.86	13.36
Performance (net asset value)	(3.52%)	3.72%	4.14%

### 5.7.7 Payables to credit institutions

The debts to credit institutions consist of short-term debts in the current account of the fund's banker.

### 5.7.8 Other payables

Other payables		
(amounts x € 1,000)	2021	2020
Management fee payable	3	2
Service fee payable	2	2
<b>Total as at 31 December</b>	<b>5</b>	<b>4</b>

### 5.7.9 Profit and loss statement

The accounting principles and the method of calculating the ratios are included in chapter 11.

### 5.7.10 Changes in fair value of investments

Changes in fair value of investments		
(amounts x € 1,000)	2021	2020
Realised price- and currency gains investment funds	387	1,732
Realised price- and currency losses investment funds	(14)	-
Unrealised price- and currency gains investment funds	-	2,919
Unrealised price- and currency losses investment funds	(7,000)	-
<b>Total as at 31 December</b>	<b>(6,627)</b>	<b>4,651</b>

### 5.7.11 Subscription and redemption fee

The subscription and redemption fees are 0.01% of the transaction amount. The fees charged are entirely to the benefit of the fund.

### 5.7.12 Costs and fees

Identified transaction costs		
(amounts x € 1.000)	2021	2020
Investment funds	26	14
<b>Total transaction costs</b>	<b>26</b>	<b>14</b>

#### Management fee

The annual management fee amounts to 0.07%.

#### Service fee

The service fee is 0.06% per year on the fund's assets up to € 250 million. A service fee of 0.05% applies to the fund assets of €250 million to €750 million. A service fee of 0.04% applies to fund assets above € 750 million.

#### Ongoing Charges Figure (OCF)

The overview below shows the costs during the year:

OCF		
(amounts x € 1,000)	2021	2020
Average net asset value	228,877	132,594
Total costs within the fund including fee sharing agreements	284	173
Accrued costs underlying Aegon investment funds	11	1
<b>Total costs</b>	<b>295</b>	<b>174</b>
<b>OCF</b>	<b>0.13%</b>	<b>0.13%</b>

#### Turnover Ratio (TR)

The TR gives an indication of the turnover of the fund's investment portfolio by providing insight in the extent to which the fund manager actively changes the investment portfolio based on his investment decisions.

TR		
(amounts x € 1,000)	2021	2020
Purchases of investments	232,659	50,484
Sales of investments	25,830	45,889
<b>Total investment transactions</b>	<b>258,489</b>	<b>96,373</b>
Subscriptions	231,032	50,278
Redemptions	23,822	45,676
<b>Total movements in participations</b>	<b>254,854</b>	<b>95,954</b>
Average net asset value	228,877	132,594
<b>TR</b>	<b>2</b>	<b>0</b>

#### Other notes

The other notes are an integral part of the financial statements and are included in chapter 12.

## 6 Annual Report 2021 AEAM Money Market Euro Fund

1 January 2021 through 31 December 2021

## 6.1. General information

### Date of incorporation

The fund was established on 13 January 2012.

### Profile

The fund is a fund for joint account (Dutch: “fonds voor gemene rekening”). The participations are only available to qualified investors (Dutch: “gekwalificeerde beleggers”) as defined in the Dutch Act on Financial Supervision (Dutch: “Wet op het financieel toezicht”).

### Investment Policy

The fund is a standard money market fund with a variable net asset value and may invest, directly or indirectly, in euro-denominated money market instruments with a weighted average maturity of up to one year. The investment process is aimed primarily at protecting the assets and adding value through the active policy to be pursued by the manager. Some examples are: maturity policy, country selection policy, sectors and individual money market instruments. The fund meets the requirements as set out in the Money Market Funds Regulation. The fund is not a guaranteed investment and does not rely on outside support to ensure the fund's liquidity.

### Objective

The investment policy is primarily aimed at protecting assets and also at achieving a higher total return than the benchmark.

### Sustainability policy (art. 6 SFDR)

Regulation (EU) 2020/852, establishing a framework to promote sustainable investment (Taxonomy Regulation), establishes criteria for determining whether an economic activity qualifies as environmentally sustainable in the context of certain environmental objectives. To date, the only objectives are climate change mitigation and climate change adaptation (the "Environmental Goals").

The Taxonomy Regulation also requires information to be provided on how and to what extent this fund invests in economic activities that are classified as environmentally sustainable on the basis of those criteria. The manager advises Investors that the underlying investments of this fund do not take into account the EU criteria for environmentally sustainable economic activities.

### Benchmark

3-month Euribor

### Restrictions

#### *Investment restrictions*

The fund invests in government bonds from developed countries and emerging markets, investment grade and high yield corporate bonds, asset backed securities, structured credits, inflation-linked bonds, covered bonds, commercial paper, term deposits issued by EU countries that are part and / or OECD countries and cash and cash equivalents. The freely available cash position of the fund must be between -5% and 100% of the net asset value. The use of derivatives, fixed income futures, is also allowed. Short selling is not permitted, except for the use of derivatives to adjust interest rate risk.

The Fund only invests in money market instruments that meet the criteria set out in the Credit Quality Assessment Procedure. (For more information about this procedure, please contact the fund manager.)

#### *Rating*

The manager sets criteria in advance on the basis of which an investment is made. In addition to its own assessment, the manager applies the following rules of thumb with regard to ratings.

- The minimum credit rating for investments with a maturity of over 99 days is A+ (S&P or Fitch) or A1 (Moody's).
- The minimum credit rating for investments with a maturity of less than or equal to 99 days is A2 (S&P) or P -2 (Moody's) or F2 (Fitch).
- The rating of one rating agency will suffice for the determination of the minimum credit rating.

When exceeding a rating limit due to a downgrade of an investment, the fund may hold the position for the remaining maturity. However additional purchases of these investments are not allowed during this period.

#### *Issuer*

- The maximum exposure per issuer is 10% of the net asset value.
- All issuers with a weighting of more than 5% combined amount up to a maximum of 40 % of the net asset value.

#### *Duration*

- The remaining term of an investment is a maximum of 397 days unless the interest rate is adjusted within 397 days. In that case, a maximum term of two years is allowed.
- The weighted average remaining life of the investments is less than or equal to 1 year ('weighted average life').
- The weighted average duration of the investments is between 30 and 150 days ('weighted average maturity').
- At least 7.5% of assets are daily maturing assets, and at least 15% of assets are weekly maturing assets.

#### *Leverage*

The permitted leverage, i.e. the exposure resulting from using the permitted credit facility and/or entering into contracts in derivative financial instruments (in accordance with the method based on commitments made), is a maximum of 400% of the fund's assets. The permitted leverage, based on the gross method, is 500% of the fund's assets. These instruments (derivatives) are only used if this is in line with the realization of the fund objective, to hedge risks and/or for efficient portfolio management.

#### *Short term deviations*

Short term deviations from the above restrictions are possible due to large subscriptions to the fund or redemptions from the fund. Such deviations are brought back to the predetermined limits within a period up to 3 working days.

#### **Fiscal status**

The fund is fiscally transparent, which means that the fund is not liable for corporate tax (or subject to any other tax on profits) and is not subject to dividend withholding tax. The assets, liabilities and results of the fund are directly allocated for tax purposes to the participants of the fund in proportion to their participation. Income or capital gains earned by a participant are regarded as income or capital gains made on the assets of the fund.

#### **Dividend Policy**

The fund does not distribute dividend. The earned income is reinvested.

## 6.2. Report of fund manager - investment policy

In 2021, the AEAM Money Market Euro Fund realised a return after costs of -0.37%. This was 0.18% above the benchmark, an index based on 3 months Euribor, which recorded a return of -0.55%. The investment policy of the fund aims at additional return through active diversification across a range of money market instruments as well as short-term bonds. The fund uses derivatives through futures in order to hedge the interest risk compared to the benchmark.

In 2021, the fund kept the interest rate policy neutral and barely deviated from the average interest rate sensitivity of 3 months. The fund does have investments with a residual term longer than 3 months, but these are bonds with a variable interest rate or with a fixed interest rate which has been converted to a variable interest rate. Despite an increasing interest rate, the money market interest rate remained stable. The year started with a 3-month interest rate of -0.55% and it closed slightly lower at -0.57%. The spreads of short-term negotiable instruments with the 3-month interest rate recovered during the year, despite some volatility regarding the Delta and Omicron variants of Covid-19. This leads to a positive relative result at the end of the year.

The fund does not run a currency risk because all investments are denominated in euros. Because there is sufficient liquidity in the market to absorb deposits and withdrawals, the liquidity risk is also limited. The most important risk for the fund is the interest rate risk because fluctuations in the interest rate influence the price of bonds. The interest rate risk increases with the term. The fund can actively anticipate expected interest rate changes and changes of the interest rate term structure but this is limited to a deviation of at most 2 months compared to the benchmark. The fund also runs a market risk because there is an active secondary market for money market instruments, which affects the price of these instruments. There is also a concentration risk: a maximum of 10% can be invested in one debtor, although the aim is to limit this to 5%.

In 2021, the aforementioned risks had a limited impact on the fund performance.

## 6.3. Key figures

Key figures	2021	2020	2019	2018	2017
<b>Overview per participation<sup>7</sup></b>					
Changes in fair value	(0.02)	(0.02)	(0.01)	(0.03)	(0.02)
<b>Total result</b>	<b>(0.02)</b>	<b>(0.02)</b>	<b>(0.01)</b>	<b>(0.03)</b>	<b>(0.02)</b>
Beheerskosten en overige lasten	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
<b>Net result</b>	<b>(0.03)</b>	<b>(0.03)</b>	<b>(0.02)</b>	<b>(0.04)</b>	<b>(0.03)</b>
Net asset value (x € 1,000)	1,964,575	5,106,980	3,894,682	1,732,382	1,708,488
Outstanding number of participations	194,281,319	503,190,338	382,965,525	170,083,817	167,024,113
Net asset value per participation	10.11	10.15	10.17	10.19	10.23
<b>Performance<sup>8</sup></b>					
Performance (net asset value)	(0.37%)	(0.20%)	(0.15%)	(0.42%)	(0.29%)
Performance benchmark	(0.55%)	(0.43%)	(0.36%)	(0.33%)	(0.33%)
Outperformance	0.18%				
Outperformance since inception	2.74%				
Annualised outperformance since inception	0.23%				

<sup>7</sup> Amounts per participation are based on the average number of participations during the year.

<sup>8</sup> The performance is the time weighted return after costs calculated on a daily basis. The outperformance figures are presented in 2021 for the first time, therefore no comparative figures included.



## Financial statements 2021 AEAM Money Market Euro Fund

### 6.4. Balance sheet as at 31 December 2021

Balance Sheet			
(before appropriation of result)			
(amounts x € 1,000)			
	Reference	2021	2020
<b>Assets</b>			
<b>Investments</b>			
Investment funds		1,959,852	5,094,337
Call money		3,640	12,765
<b>Total investments</b>	6.7.3	<b>1,963,492</b>	<b>5,107,102</b>
<b>Receivables</b>			
Outstanding transactions in financial instruments		956	-
Issue of participations		-	812
<b>Total receivables</b>		<b>956</b>	<b>812</b>
<b>Other assets</b>			
Cash and cash equivalents	6.7.5	151	1
<b>Total other assets</b>		<b>151</b>	<b>1</b>
<b>Total assets</b>		<b>1,964,599</b>	<b>5,107,915</b>
<b>Liabilities</b>			
<b>Net asset value</b>			
Net assets before result		1,968,584	5,120,909
Result for the year		(4,009)	(13,929)
<b>Total net asset value</b>	6.7.6	<b>1,964,575</b>	<b>5,106,980</b>
<b>Short term liabilities</b>			
Outstanding transactions in financial instruments		-	812
Other payables and liabilities	6.7.7	24	123
<b>Total short term liabilities</b>		<b>24</b>	<b>935</b>
<b>Total liabilities</b>		<b>1,964,599</b>	<b>5,107,915</b>

## 6.5. Profit and loss statement

Profit and loss statement			
(amounts x € 1,000)	Reference	2021	2020
<b>Investment result</b>			
Revaluation of investments	6.7.9	(2,362)	(7,971)
<b>Total investment result</b>		<b>(2,362)</b>	<b>(7,971)</b>
<b>Operating expenses</b>			
Management fee		(1,302)	(4,828)
Service fee		(326)	(1,073)
Interest call money		(19)	(55)
Interest bank accounts		-	(2)
<b>Total operating expenses</b>	6.7.11	<b>(1,647)</b>	<b>(5,958)</b>
<b>Net result</b>		<b>(4,009)</b>	<b>(13,929)</b>

## 6.6. Cash flow statement

Cash flow statement			
(amounts x € 1,000)	Reference	2021	2020
<b>Cash flow from investment activities</b>			
Purchases of investments		(1,325,496)	(2,474,545)
Sales of investments		4,455,851	1,248,442
Net receipts/(payments) for call money transactions		9,125	(3,362)
Management fee paid		(1,383)	(4,832)
Service fee paid		(344)	(1,074)
Interest paid		(19)	(57)
<b>Net cash flow from investment activities</b>		<b>3,137,734</b>	<b>(1,235,428)</b>
<b>Cash flow from financing activities</b>			
Subscriptions		1,374,709	2,535,481
Redemptions		(4,512,293)	(1,300,052)
<b>Net cash flow from financing activities</b>		<b>(3,137,584)</b>	<b>1,235,429</b>
<b>Net cash flow</b>		<b>150</b>	<b>1</b>
Cash and cash equivalents opening balance		1	-
<b>Cash and cash equivalents closing balance</b>	6.7.5	<b>151</b>	<b>1</b>

## 6.7. Notes to the financial statements

### 6.7.1 General

The accounting principles and the method of calculating the ratios are included in chapter 11.

### 6.7.2 Subsequent events

There have been no events after the balance sheet date for which disclosure is required.

### 6.7.3 Investments

Movement schedule of investments		
(amounts x € 1,000)	2021	2020
<i>Investment funds</i>		
Opening balance	5,094,337	3,885,097
Purchases	1,324,684	2,465,357
Sales	(4,456,807)	(1,248,146)
Revaluation	(2,362)	(7,971)
<b>Closing balance</b>	<b>1,959,852</b>	<b>5,094,337</b>
<i>Call money</i>		
Opening balance	12,765	9,403
Net amount for transactions in call money	(9,125)	3,362
<b>Closing balance</b>	<b>3,640</b>	<b>12,765</b>

### 6.7.4 Risks with respect to financial instruments

This paragraph shows the important risks associated with the investments of the fund.

#### Price risk

Price risk can be divided into:

- Currency risk is the risk that the value of a financial instrument will fluctuate as a result of changes in exchange rates;
- Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, either caused by factors that exclusively apply to the individual instrument or the issuer thereof or by factors that influence all instruments that are traded in the market;
- Interest rate risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market interest rates.

The concept of price risk does not only comprise possibility of losses but also the possibility of gains.

#### Currency risk

There is no active currency policy. The fund mainly has investments in its portfolio that are quoted in euros. As a result, the fund is not exposed to significant currency risk.

#### Market risk

The fund only has investments in Aegon Investment Funds that invest in Europe. As a result, the fund is indirectly exposed to significant market risk.

Portfolio overview				
(amounts x € 1,000)	2021		2020	
Investment	Amount	% of NAV	Amount	% of NAV
AEGON Money Market Euro Pool	1,959,852	99.8	5,094,337	99.8
<b>Total as at 31 December</b>	<b>1,959,852</b>	<b>99.8</b>	<b>5,094,337</b>	<b>99.8</b>

#### Interest rate risk

The fund invests indirectly through the underlying pool in short-term fixed-income financial instruments or financial short-term instruments and is therefore not exposed to significant interest rate risk.

#### Cash flow risk

Cash flow risk is the risk that future cash flows associated with a financial instrument will fluctuate in size.

The fund invests indirectly through the underlying pool in short-term fixed-income financial instruments or financial instruments with a variable interest rate and is therefore exposed to significant cash flow risk.

#### Credit risk

Credit risk is the risk that counterparties of investments cannot meet their obligations, causing the fund to incur a financial loss.

The amount that best represents the maximum credit risk is €4,747,000 (2020: €13,578,000). Including the financial instruments sensitive to credit risk in the underlying investment funds, the amount that best represents the maximum credit risk is €1,964,599,000 (2020: €5,107,915,000).

The fund invests in financial instruments that are sensitive to credit risk and are therefore exposed to significant credit risk.

#### Liquidity risk

Liquidity risk, also known as 'funding risk', is the risk that the fund is not able to meet the financial obligations associated with its financial instruments or redemptions by participants. Liquidity risk can, among others, occur from the inability to sell a financial asset in the short term for (an amount close to) its fair value.

The participations of the fund are traded on a daily basis. Through the underlying funds, the fund invests in freely tradable listed investments. As a result, the fund is not exposed to significant liquidity risk.

### 6.7.5 Cash and cash equivalents

No restrictions on the use of cash and cash equivalents exist.

### 6.7.6 Net asset value

Movement schedule net asset value		
(amounts x € 1,000)	2021	2020
<b>Net asset value participants</b>		
Opening balance	5,106,980	3,894,682
Subscriptions	1,373,897	2,506,278
Redemptions	(4,512,293)	(1,280,051)
<b>Closing balance</b>	<b>1,968,584</b>	<b>5,120,909</b>
<b>Net result for the year</b>	<b>(4,009)</b>	<b>(13,929)</b>
<b>Total net asset value as at 31 December</b>	<b>1,964,575</b>	<b>5,106,980</b>

Movement schedule of participations		
	2021	2020
Opening balance	503,190,338	382,965,525
Subscriptions	135,684,605	246,663,061
Redemptions	(444,593,624)	(126,438,248)
<b>Closing balance</b>	<b>194,281,319</b>	<b>503,190,338</b>

Historical summary			
	2021	2020	2019
Net asset value (X € 1,000)	1,964,575	5,106,980	3,894,682
Number of participations outstanding (units)	194,281,319	503,190,338	382,965,525
Net asset value per participation in €	10.11	10.15	10.17
Performance (net asset value)	(0.37)	(0.20%)	(0.15%)

### 6.7.7 Other payables

Other payables		
(amounts x € 1,000)	2021	2020
Management fee payable	20	101
Service fee payable	4	22
<b>Total as at 31 December</b>	<b>24</b>	<b>123</b>

### 6.7.8 Profit and loss statement

The accounting principles and the method of calculating the ratios are included in chapter 11.

### 6.7.9 Changes in fair value of investments

Changes in fair value of investments		
(amounts x € 1,000)	2021	2020
Realised price- and currency losses investment funds	(5,767)	(5,806)
Unrealised price- and currency gains investment funds	3,405	-
Unrealised price- and currency losses investment funds	-	(2,165)
<b>Total as at 31 December</b>	<b>(2,362)</b>	<b>(7,971)</b>

### 6.7.10 Subscription and redemption fee

The subscription and redemption fees are 0.00% of the transaction amount. The fees charged are entirely to the benefit of the fund.

### 6.7.11 Costs and fees

#### Management fee

The annual management fee amounts to 0.09%.

#### Service fee

The service fee is 0.03% per year on the fund's assets up to € 500 million. A service fee of 0.025% applies to the fund assets of €500 million to €1.5 billion. A service fee of 0.02% applies to fund assets above € 1.5 billion.

### Ongoing Charges Figure (OCF)

The overview below shows the costs during the year:

OCF		
(amounts x € 1,000)	2021	2020
Average net asset value	1,435,079	5,356,578
Total costs within the fund including fee sharing agreements	1,628	5,901
<b>Total costs</b>	<b>1,628</b>	<b>5,901</b>
<b>OCF</b>	<b>0.11%</b>	<b>0.11%</b>

### Turnover Ratio (TR)

The TR gives an indication of the turnover of the fund's investment portfolio by providing insight in the extent to which the fund manager actively changes the investment portfolio based on his investment decisions.

TR		
(amounts x € 1,000)	2021	2020
Purchases of investments	1,324,684	2,465,357
Sales of investments	4,456,807	1,248,146
<b>Total investment transactions</b>	<b>5,781,491</b>	<b>3,713,503</b>
Subscriptions	1,326,365	2,474,824
Redemptions	4,464,761	1,248,609
<b>Total movements in participations</b>	<b>5,791,126</b>	<b>3,723,433</b>
Average net asset value	1,437,123	5,356,578
<b>TR</b>	<b>(1)</b>	<b>(0)</b>

### Other notes

The other notes are an integral part of the financial statements and are included in chapter 12.

## 7 Annual Report 2021 AEGON Liability Matching Fund

1 January 2021 through 31 December 2021

## 7.1. General information

### Date of incorporation

The fund was established on 15 December 2015.

### Profile

The fund is a fund for joint account (Dutch: “fonds voor gemene rekening”). The participations are only available to qualified investors (Dutch: “gekwalificeerde beleggers”) as defined in the Dutch Act on Financial Supervision (Dutch: “Wet op het financieel toezicht”).

### Investment Policy

The fund invests in the AEAM Strategic Liability Matching Fund (“SLMF”). The aim of the SLMF is to hedge market interest rate risk efficiently and to the intended extent as part of the fixed-income portfolio.

The SLMF uses, among other things, interest rate swaps to increase interest rate sensitivity. This gives the SLMF a so-called leverage, which means that the volatility of the participation value is greater than with an average fixed-income investment fund. The SLMF uses a collateral buffer to manage counterparty risk.

If interest rates rise, the value of the SLMF will most likely decrease, if interest rates fall, the value of the SLMF will most likely increase. If the buffer is not sufficient in the event of a sharp drop in the participation value of the SLMF, additional payments into this buffer are required from the other components of the investment portfolio that the participant holds with Aegon. In the event of a strong increase in the participation value, the SLMF's buffer is skimmed off to other components of the investment portfolio that the participant holds with Aegon. The amount of the additional payment or creaming off takes place up to the so-called reference rate of the SLMF. This reference rate has been chosen in such a way that an interest rate rise of 1.6 percentage points can be absorbed. With an interest rate rise of approximately 0.25 percentage point at the end of the month or approximately 0.50 percentage point intra-month, an additional payment and thus the new reference rate will be effected.

For more information about the SLMF, please refer to the fund specifications of the SLMF also included in this prospectus.

### Objective

The objective of the fund is to enable participants to gear the interest rate sensitivity of their investments to the interest rate sensitivity of the pensions to the intended extent. By hedging the interest rate risk, the aim is to bring the change in value of the fixed-income investments in line with the change in value of future pension benefits to the desired extent, so that the influence of the interest rate on the retirement date on the pension to be purchased is managed.

### Sustainability policy (art. 6 SFDR)

Regulation (EU) 2020/852, establishing a framework to promote sustainable investment (Taxonomy Regulation), establishes criteria for determining whether an economic activity qualifies as environmentally sustainable in the context of certain environmental objectives. To date, the only objectives are climate change mitigation and climate change adaptation (the “Environmental Goals”).

The Taxonomy Regulation also requires information to be provided on how and to what extent this fund invests in economic activities that are classified as environmentally sustainable on the basis of those criteria. The manager advises Investors that the underlying investments of this fund do not take into account the EU criteria for environmentally sustainable economic activities.



### **Benchmark**

The fund has no benchmark.

### **Restrictions**

#### *Investment restrictions*

The fund invests in the AEAM Strategic Liability Management Fund. The AEAM Strategic Liability Matching Fund may invest in derivative financial instruments (derivatives), government bonds from developed countries and liquid assets. Permitted derivative financial instruments (derivatives) are: interest rate swaps, fixed income futures and entering into repurchase transactions. The fund's freely available cash position must be between -5% and 5% of the fund's assets.

#### *Deposits and withdrawals*

The value of the underlying AEAM Strategic Liability Matching Fund ('SLMF') participation strongly depends on the market interest rate. As a result, the value of the SLMF participation can fluctuate strongly. The value of the SLMF participation has an upper and lower limit at the end of the month and an additional lower limit within the month. If the value of an SLMF participation exceeds or falls below these limits, a creaming or additional payment must be made to the reference price, respectively. This is achieved by buying or selling participations in the AEGON Liability Matching Fund for the participant against the sale or purchase of other components of the investment portfolio that the participant holds with Aegon. Such purchases and sales of the LMF, the AEGON Diversified Bond Fund and possibly the AEGON Diversified Equity Fund are subject to the usual surcharge and discount for this fund.

#### *Leverage*

The permitted leverage, i.e. the exposure resulting from using the permitted credit margin and/or entering into contracts in derivative financial instruments (in accordance with the method based on commitments made), amounts to a maximum of 2000% of the fund's assets. The permitted leverage, based on the gross method, is 4000% of the fund's assets. These instruments (derivatives) are only used if this is in line with the realization of the Fund's objective, to hedge risks and/or for efficient portfolio management.

### **Fiscal status**

The fund is fiscally transparent, which means that the fund is not liable for corporate tax (or subject to any other tax on profits) and is not subject to dividend withholding tax. The assets, liabilities and results of the fund are directly allocated for tax purposes to the participants of the fund in proportion to their participation. Income or capital gains earned by a participant are regarded as income or capital gains made on the assets of the fund.

### **Dividend Policy**

The fund does not distribute dividend. The earned income is reinvested.

## 7.2. Report of fund manager - investment policy

The Aegon Liability Matching Fund aligns the interest rate sensitivity of the investments of pension funds with the interest rate sensitivity of the liabilities. The fund is managed monthly based on a variable interest rate sensitivity per participation. The fund almost exclusively uses derivatives through futures and interest rate swaps.

In 2021, the 25-year swap rate in Europe rose by 52 basis points to 0.52%. The value of the participations, including distributions and additional payments, decreased. This was caused by the rise in interest rates. The value development, including additional payments and creaming off, moved well in line with the participants' pension obligations. As interest rates rose sharply in February, after economic data rose sharply due to the easing of the lockdowns, a top-up was made in February.

The portfolio managers are subject to the restrictions imposed by the mandate on counterparties and the portfolio composition. Risk managers check compliance with these restrictions. The fund does not run any currency risk because all investments are denominated in euros. The liquidity risk is limited, because there is sufficient liquidity in the market to absorb deposits and withdrawals. Credit risk is also limited: although there is a risk that the counterparty in a swap cannot meet its obligations, collateral agreements limit this risk. In addition, the bonds in the fund are government bonds, the credit risk of which is limited.

The above risks had a low impact on the fund performance over the year 2021, with the exception of the interest rate risk. As a result of the rise in interest rates, the value of the fund has decreased.

## 7.3. Key figures

Key figures	2021	2020	2019	2018	2017
<b>Overview per participation<sup>9</sup></b>					
Changes in fair value	(70.49)	117.27	120.65	13.89	(11.03)
Income	0.01	-	-	-	-
Other results	0.94	1.12	0.84	0.46	0.53
<b>Total result</b>	<b>(69.54)</b>	<b>118.39</b>	<b>121.49</b>	<b>14.35</b>	<b>(10.50)</b>
Management fee and other expenses	(0.33)	(0.39)	(0.24)	(0.15)	(0.14)
<b>Net result</b>	<b>(69.87)</b>	<b>118.00</b>	<b>121.25</b>	<b>14.20</b>	<b>(10.64)</b>
Net asset value (x € 1,000)	272,465	222,674	171,462	278,589	223,224
Outstanding number of participations	1,291,411	747,077	914,267	2,330,064	2,109,158
Net asset value per participation	210.98	298.06	187.54	119.56	105.84
<b>Performance<sup>10</sup></b>					
Performance (net asset value)	(29.21%)	58.93%	56.85%	12.99%	(14.44%)

<sup>9</sup> Amounts per participation are based on the average number of participations during the year.

<sup>10</sup> The performance is the time weighted return after costs calculated on a daily basis.

## Financial statements 2021 AEGON Liability Matching Fund

### 7.4. Balance sheet as at 31 December 2021

Balance Sheet			
(before appropriation of result)			
(amounts x € 1,000)			
	Reference	2021	2020
<b>Assets</b>			
<b>Investments</b>			
Investment funds		272,151	222,561
<b>Total investments</b>	7.7.3	<b>272,151</b>	<b>222,561</b>
<b>Receivables</b>			
Outstanding transactions in financial instruments		-	4,970
Issue of participations		4,657	-
Other receivables	7.7.5	72	45
<b>Total receivables</b>		<b>4,729</b>	<b>5,015</b>
<b>Other assets</b>			
Cash and cash equivalents	7.7.6	182	-
<b>Total other assets</b>		<b>182</b>	<b>-</b>
<b>Total assets</b>		<b>277,062</b>	<b>227,576</b>
<b>Liabilities</b>			
<b>Net asset value</b>			
Net assets before result		341,778	122,650
Result for the year		(69,313)	100,024
<b>Total net asset value</b>	7.7.7	<b>272,465</b>	<b>222,674</b>
<b>Short term liabilities</b>			
Outstanding transactions in financial instruments		4,592	-
Payables to credit institutions	7.7.8	-	1
Redemption of participations		-	4,895
Other payables and liabilities	7.7.9	5	6
<b>Total short term liabilities</b>		<b>4,597</b>	<b>4,902</b>
<b>Total liabilities</b>		<b>277,062</b>	<b>227,576</b>

## 7.5. Profit and loss statement

Profit and loss statement			
(amounts x € 1,000)	Reference	2021	2020
<b>Direct result</b>			
Interest bank accounts		6	-
Revaluation of investments	7.7.11	(69,932)	99,401
<b>Total investment result</b>		<b>(69,926)</b>	<b>99,401</b>
<b>Other results</b>			
Subscription and redemption fee	7.7.12	274	380
Restitution management fee		662	571
<b>Total other results</b>		<b>936</b>	<b>951</b>
<b>Operating expenses</b>			
Management fee		(249)	(258)
Service fee		(68)	(70)
Interest call money		(6)	-
<b>Total operating expenses</b>	7.7.13	<b>(323)</b>	<b>(328)</b>
<b>Net result</b>		<b>(69,313)</b>	<b>100,024</b>

## 7.6. Cash flow statement

Cash flow statement			
(amounts x € 1,000)	Reference	2021	2020
<b>Cash flow from investment activities</b>			
Purchases of investments		(128,722)	(22,312)
Sales of investments		18,762	62,448
Interest received		6	-
Received management fee restitutions		635	576
Management fee paid		(250)	(259)
Service fee paid		(68)	(71)
Interest paid		(6)	-
<b>Net cash flow from investment activities</b>		<b>(109,643)</b>	<b>40,382</b>
<b>Cash flow from financing activities</b>			
Subscriptions		133,469	75,538
Redemptions		(23,917)	(116,408)
Received subscription and redemption fees		274	380
<b>Net cash flow from financing activities</b>		<b>109,826</b>	<b>(40,490)</b>
<b>Net cash flow</b>		<b>183</b>	<b>(108)</b>
Cash and cash equivalents opening balance		(1)	107
<b>Cash and cash equivalents closing balance</b>	7.7.6	<b>182</b>	<b>(1)</b>

## 7.7. Notes to the financial statements

### 7.7.1 General

The accounting principles and the method of calculating the ratios are included in chapter 11.

### 7.7.2 Subsequent events

There have been no events after the balance sheet date for which disclosure is required.

### 7.7.3 Investments

Movement schedule of investments		
(amounts x € 1,000)	2021	2020
<i>Investment funds</i>		
Opening balance	222,561	171,233
Purchases	133,314	19,345
Sales	(13,792)	(67,418)
Revaluation	(69,932)	99,401
<b>Closing balance</b>	<b>272,151</b>	<b>222,561</b>

### 7.7.4 Risks with respect to financial instruments

This paragraph shows the important risks associated with the investments of the fund.

#### Price risk

Price risk can be divided into:

- Currency risk is the risk that the value of a financial instrument will fluctuate as a result of changes in exchange rates;
- Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, either caused by factors that exclusively apply to the individual instrument or the issuer thereof or by factors that influence all instruments that are traded in the market;
- Interest rate risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market interest rates.

The concept of price risk does not only comprise possibility of losses but also the possibility of gains.

#### Currency risk

There is no active currency policy. The fund mainly has investments in its portfolio that are quoted in euros. As a result, the fund is not exposed to significant currency risk.

#### Market risk

The fund only has investments in Aegon Investment Funds that invest in Europe. As a result, the fund is indirectly exposed to significant market risk.

Portfolio overview				
(amounts x € 1,000)	2021		2020	
Investment	Amount	% of NAV	Amount	% of NAV
AEAM Strategic Liability Matching Fund	272,151	99.9	222,561	99.9
<b>Total as at 31 December</b>	<b>272,151</b>	<b>99.9</b>	<b>222,561</b>	<b>99.9</b>

#### Interest rate risk

The fund invests through the underlying fund in fixed income financial instruments and interest rate swaps and is therefore exposed to significant interest rate risk.

#### **Cash flow risk**

Cash flow risk is the risk that future cash flows of a monetary financial instrument will fluctuate in size.

The fund invests indirectly, through the AEAM Strategic Liability Matching Fund, in interest rate swaps in which the AEAM Strategic Liability Matching Fund receives fixed interest and pays variable interest. The fund receives depending on the result of the AEAM Strategic Liability Matching Fund withdrawals or needs to deposit in case of a negative result within the AEAM Strategic Liability Matching Fund. As a result, the fund is exposed to a significant cash flow risk.

#### **Credit risk**

Credit risk is the risk that counterparties of investments cannot meet their obligations, causing the fund to incur a financial loss.

The amount that best represents the maximum credit risk is €4,911,000 (2020: €5,015,000). Including the financial instruments sensitive to credit risk in the underlying investment funds, the amount that best represents the maximum credit risk is € 277,062,000 (2020: € 227,576,000).

The fund invests in financial instruments that are sensitive to credit risk and are therefore exposed to significant credit risk.

#### **Liquidity risk**

Liquidity risk, also known as 'funding risk', is the risk that the fund is not able to meet the financial obligations associated with its financial instruments or redemptions by participants. Liquidity risk can, among others, occur from the inability to sell a financial asset in the short term for (an amount close to) its fair value.

The participations of the fund are traded on a daily basis. Through the underlying fund, the fund invests in freely tradable listed bonds and interest rate swaps, which can be regarded as less liquid and the fund is therefore indirectly exposed to significant liquidity risk.

### 7.7.5 Other receivables

Other receivables		
(amounts x € 1,000)	2021	2020
Restitution management fee receivable	72	45
<b>Total as at 31 December</b>	<b>72</b>	<b>45</b>

### 7.7.6 Cash and cash equivalents

The cash and cash equivalents are at the free disposal of the fund.

### 7.7.7 Net asset value

Movement schedule net asset value		
(amounts x € 1,000)	2021	2020
<b>Net asset value participants</b>		
Opening balance	222,674	171,462
Subscriptions	138,126	72,486
Redemptions	(19,022)	(121,298)
<b>Closing balance</b>	<b>341,778</b>	<b>122,650</b>
<b>Net result for the year</b>	<b>(69,313)</b>	<b>100,024</b>
<b>Total net asset value as at 31 December</b>	<b>272,465</b>	<b>222,674</b>

Movement schedule of participations		
	2021	2020
Opening balance	747,077	914,267
Subscriptions	624,415	245,800
Redemptions	(80,081)	(412,990)
<b>Closing balance</b>	<b>1,291,411</b>	<b>747,077</b>

Historical summary			
	2021	2020	2019
Net asset value (X € 1,000)	272,465	222,674	171,462
Number of participations outstanding (units)	1,291,411	747,077	914,267
Net asset value per participation in €	210.98	298.06	187.54
Performance (net asset value)	(29.21%)	58.93%	56.85%

### 7.7.8 Payables to credit institutions

The debts to credit institutions consist of short-term debts in the current account of the fund's banker.

### 7.7.9 Other payables

Other payables		
(amounts x € 1,000)	2021	2020
Management fee payable	4	5
Service fee payable	1	1
<b>Total as at 31 December</b>	<b>5</b>	<b>6</b>

### 7.7.10 Profit and loss statement

The accounting principles and the method of calculating the ratios are included in chapter 11.

### 7.7.11 Changes in fair value of investments

Changes in fair value of investments		
(amounts x € 1,000)	2021	2020
Realised price- and currency gains investment funds	3.825	32.144
Unrealised price- and currency gains investment funds	-	67.257
Unrealised price- and currency losses investment funds	(73.757)	-
<b>Total as at 31 December</b>	<b>(69.932)</b>	<b>99.401</b>

### 7.7.12 Subscription and redemption fee

The subscription and redemption fees are 0.09% of the transaction amount. The fees charged are entirely to the benefit of the fund.

### 7.7.13 Costs and fees

Identified transaction costs		
(amounts x € 1.000)	2021	2020
Beleggingsfondsen	250	229
<b>Total transaction costs</b>	<b>250</b>	<b>229</b>
Subscription and redemption fee	(274)	(380)
<b>Total transaction costs (net)</b>	<b>(24)</b>	<b>(151)</b>
<b>Transaction costs (% of average net asset value)</b>	<b>0.0%</b>	<b>0.1%</b>

#### Management fee

The annual management fee amounts to 0.11%.

#### Service fee

The service fee is 0.03% per year on the fund's assets up to € 500 million. A service fee of 0.025% applies to the fund assets of €500 million to €1.5 billion. A service fee of 0.02% applies to fund assets above € 1.5 billion.

#### Ongoing Charges Figure (OCF)

The overview below shows the costs during the year:

OCF		
(amounts x € 1,000)	2021	2020
Average net asset value	226,551	234,371
Total costs within the fund including fee sharing agreements	(345)	(242)
Accrued costs underlying Aegon investment funds	658	566
<b>Total costs</b>	<b>313</b>	<b>324</b>
<b>OCF</b>	<b>0.14%</b>	<b>0.14%</b>

#### Turnover Ratio (TR)

The TR gives an indication of the turnover of the fund's investment portfolio by providing insight in the extent to which the fund manager actively changes the investment portfolio based on his investment decisions.

TR		
(amounts x € 1,000)	2021	2020
Purchases of investments	133,314	19,345
Sales of investments	13,792	67,418
<b>Total investment transactions</b>	<b>147,106</b>	<b>86,763</b>
Subscriptions	137,231	22,310
Redemptions	18,126	66,226
<b>Total movements in participations</b>	<b>155,357</b>	<b>88,536</b>
Average net asset value	226,551	234,271
<b>TR</b>	<b>(4)</b>	<b>(1)</b>

#### Other notes

The other notes are an integral part of the financial statements and are included in chapter 12.



## 8 Annual Report 2021 AEAM Government Related Investment Fund

1 January 2021 through 31 December 2021

## 8.1. General information

### Date of incorporation

The fund was established on 19 April 2016.

### Profile

The fund is a fund for joint account (Dutch: “fonds voor gemene rekening”). The participations are only available to qualified investors (Dutch: “gekwalificeerde beleggers”) as defined in the Dutch Act on Financial Supervision (Dutch: “Wet op het financieel toezicht”).

### Investment Policy

The fund invests, directly or indirectly, in less liquid loans guaranteed by or affiliated with national or local governments from EU and/or OECD countries, as well as international institutions such as supranational organizations and agencies. The fund also has the option to invest in liquid government-guaranteed bonds and (government) guaranteed loans to Export Credit Agencies. The policy is aimed at adding value through an active selection policy for individual loans and investing in less liquid instruments with a liquidity premium and a low capital requirement. For loans with an illiquid character, the fund follows a buy-and-hold strategy.

### Objective

The objective of the fund is to achieve longer-term outperformance for management costs of 80 basis points above the benchmark, with a low capital requirement as referred to under the Financial Assessment Framework and Solvency.

### Sustainability policy (art. 8 SFDR)

This fund promotes ecological or social characteristics in the following way:

This Fund actively avoids investing in companies that have significant adverse impact on biodiversity, environment, human rights and wellbeing. No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the financial product.

In its investment policy, the fund manager has taken into account the beforementioned ecological or social characteristics.

In addition, the Taxonomy Regulation requires disclosure on how and to what extent the investments of each fund are in economic activities that qualify as environmentally sustainable pursuant to those criteria. This information and a brief explanation of the regulation are set out below.

Regulation (EU) 2020/852 regarding the establishment of a framework to promote sustainable investments (Taxonomy Regulation) establishes criteria for determining whether an economic activity qualifies as environmentally sustainable in the context of particular environmental objectives. As at the date hereof, the only such objectives are climate change mitigation and adaptation (the “Climate Objectives”).

In order for an investment to qualify as environmentally sustainable as at the date hereof, it must meet a number of different criteria, including that it contributes substantially to a Climate Objective, as measured according to the technical screening criteria set out in the Taxonomy Regulation, and that it must not significantly harm any of the other environmental objectives set out in the Taxonomy Regulation.

The technical screening criteria are very detailed and require the availability of multiple, specific data points regarding each investment. As at the date hereof, there is insufficient data available to be able to assess investments using the technical screening criteria. As such, the fund is not in a position to describe: (a) the extent to which the investments of the fund are in economic activities that qualify as environmentally sustainable pursuant to the technical screening criteria; (b) the proportion, as a percentage of the portfolio as a whole, of investments in environmentally sustainable economic activities; or (c) the proportion, as a percentage of the portfolio as a whole, of enabling and transitional activities (as such are described in the Taxonomy Regulation). Therefore, the fund manager considers that the most prudent course of action, at present, is to disclose that 0% of such funds' investments are in environmentally sustainable economic activities for the purposes of the Taxonomy Regulation.

The "do no significant harm" principle referred to above applies only to those investments underlying the relevant fund that take into account the EU criteria for environmentally sustainable economic activities; investors should note that at present none of the relevant funds take into account the EU criteria for environmentally sustainable economic activities.

The fund manager is keeping this situation under active review and where sufficient reliable, timely and verifiable data on the investment becomes available, it will re-evaluate its approach to the Taxonomy Regulation and relevant documentation will be updated.

#### **Benchmark**

ICE BAML Core Eurozone Government Bond Index (Customized).

#### **Restrictions**

##### *Investment restrictions*

The fund may invest in government bonds from EU and/or OECD countries, inflation-linked bonds, private loans and cash. All loans in the portfolio are guaranteed by or affiliated with national or local governments from EU and/or OECD countries, as well as international institutions such as supranational organizations and agencies. To reduce currency, interest and/or country risk and to manage on duration, investments can also be made in derivative financial instruments (derivatives): credit default swaps, fixed income futures, interest rate swaps and currency forward contracts. The fund's freely available cash position must be between -5% and 5% of the fund's assets.

##### *Investment Strategies*

- At least 60% is invested in Euro-denominated paper
- Exposure per individual loan amounts to a maximum of 10% of the fund's assets
- Loans to Export Credit Agencies must be at least 95% covered by government guarantees

##### *Rating*

The fund has a minimum weighted credit rating of AA. Investments in individual loans have a minimum credit rating of BBB. If a rating limit is exceeded due to downgrading of the loan status, it may be held for the remaining term of the loan, provided that the weighted credit rating of the fund is at least AA. The purchase of these bonds is not permitted during this period.

The rating of a rating agency is sufficient to determine the credit rating. If no credit rating exists for an instrument, this is determined by AAM on the basis of an internal rating methodology.

##### *Duration*

The duration of the fund may differ by a maximum of plus and a minimum of minus 0.5 years compared to the benchmark duration.

##### *Counterparty*

For swaps, the minimum counterparty rating is BBB.

*Leverage*

The permitted leverage, i.e. the exposure resulting from using the permitted credit facility and/or entering into contracts in derivative financial instruments (in accordance with the method based on commitments made), is a maximum of 50% of the fund's assets. The permitted leverage, based on the gross method, is 200% of the fund's assets. These instruments (derivatives) are only used if this is in line with the realization of the Fund's objective, to hedge risks and/or for efficient portfolio management.

*Short term deviations*

Short-term deviations from the above restrictions are possible as a result of large entry into or exit from the fund. Such deviations are brought back within a period of 1 month within the established limits.

**Fiscal status**

The fund is fiscally transparent, which means that the fund is not liable for corporate tax (or subject to any other tax on profits) and is not subject to dividend withholding tax. The assets, liabilities and results of the fund are directly allocated for tax purposes to the participants of the fund in proportion to their participation. Income or capital gains earned by a participant are regarded as income or capital gains made on the assets of the fund.

**Dividend Policy**

The fund does not distribute dividend. The earned income is reinvested.

## 8.2. Report of fund manager - investment policy

In 2021, the AEAM Government related Investment Fund achieved a return after expenses of -3.48%. The fund thus performed in line with its benchmark, the ICE BAML Core Eurozone Government Bond Index (Customized). After expenses, the return was 0.04% below the benchmark, which posted a return of -3.44%.

The fund mainly invests in illiquid loans such as Dutch private placements and Export Credit Agency (ECA) loans. By holding these loans, the fund receives the illiquidity premium. In the long term, the fund is expected to outperform the benchmark. Furthermore, the specific fund risks are limited as much as possible and the portfolio is structured in line with the fund conditions. The portfolio managers are bound by mandate restrictions, which are checked by risk managers. The fund uses futures to adjust the interest rate risk and to manage inflows and outflows of the fund.

The fund runs liquidity risk because the loans in the fund are more difficult to trade. This liquidity risk is inherent in the structure of the fund. The aim of the fund is to generate additional performance through the reward that is offset by this liquidity risk and the fund continues to hold the loans over the long term. The fund is exposed to interest rate risk as fluctuations in interest rates affect the price of bonds. The interest rate risk increases with the term. The fund also runs market risk, as the bonds trade on a (swap) spread with government bonds. This market risk is also reflected in the fund's relative performance as the benchmark consists of government bonds. The concentration risk is present because many guarantees are based on a commitment from the Dutch (local) government. The fund does not run any currency risk because all investments are denominated in euros.

The aforementioned risks had a limited impact on the fund's performance over the year 2021, with the exception of the interest rate risk. Despite the various COVID-19 variants such as Delta and Omikron, which put downward pressure on interest rates, we saw the economic data improve considerably. As a result, inflation also rose to great heights. As a result, the central banks have announced that they will end the aid programs, so that interest rates will eventually rise in 2021. Due to the stable swap spread, the fund performed relatively similar to the benchmark. Liquidity risk had a limited impact on the fund's performance.

### 8.3. Key figures

Key figures					
	2021	2020	2019	2018	2017
<b>Overview per participation<sup>11</sup></b>					
Changes in fair value	(0.35)	0.45	0.59	0.15	0.08
<b>Total result</b>	<b>(0.35)</b>	<b>0.45</b>	<b>0.59</b>	<b>0.15</b>	<b>0.08</b>
Management fee and other expenses	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)
<b>Net result</b>	<b>(0.38)</b>	<b>0.42</b>	<b>0.56</b>	<b>0.12</b>	<b>0.05</b>
Net asset value (x € 1,000)	284.024	278.448	261.762	285.982	270.842
Outstanding number of participations	26.240.859	24.831.639	24.246.602	27.892.178	26.733.756
Net asset value per participation	10.82	11.21	10.80	10.25	10.13
<b>Performance<sup>12</sup></b>					
Performance (net asset value)	(3.48%)	3.87%	5.29%	1.21%	(0.18%)
Performance benchmark	(3.44%)	3.80%	4.25%	1.82%	(0.66%)
Outperformance	(0.04%)				
Outperformance since inception	2.13%				
Annualised outperformance since inception	0.37%				

<sup>11</sup> Amounts per participation are based on the average number of participations during the year.

<sup>12</sup> The performance is the time weighted return after costs calculated on a daily basis. The outperformance figures are presented in 2021 for the first time, therefore no comparative figures included.

## Financial statements 2021 AEAM Government Related Investment Fund

### 8.4. Balance sheet as at 31 December 2021

<b>Balance Sheet</b>			
(before appropriation of result)			
(amounts x € 1,000)			
	Reference	2021	2020
<b>Assets</b>			
<b>Investments</b>			
Investment funds		284,105	278,465
<b>Total investments</b>	8.7.3	<b>284,105</b>	<b>278,465</b>
<b>Receivables</b>			
Outstanding transactions in financial instruments		-	64
<b>Total receivables</b>		<b>-</b>	<b>64</b>
<b>Other assets</b>			
Cash and cash equivalents	8.7.5	-	1
<b>Total other assets</b>		<b>-</b>	<b>1</b>
<b>Total assets</b>		<b>284,105</b>	<b>278,530</b>
<b>Liabilities</b>			
<b>Net asset value</b>			
Net assets before result		293,946	268,261
Result for the year		(9,922)	10,187
<b>Total net asset value</b>	8.7.6	<b>284,024</b>	<b>278,448</b>
<b>Investments</b>			
Call money		73	65
<b>Total investments</b>	8.7.3	<b>73</b>	<b>65</b>
<b>Short term liabilities</b>			
Other payables and liabilities	8.7.7	8	17
<b>Total short term liabilities</b>		<b>8</b>	<b>17</b>
<b>Total liabilities</b>		<b>284,105</b>	<b>278,530</b>

## 8.5. Profit and loss statement

Profit and loss statement			
(amounts x € 1,000)	Reference	2021	2020
<b>Direct result</b>			
Revaluation of investments	8.7.9	(9,127)	10,945
<b>Total investment result</b>		<b>(9,127)</b>	<b>10,945</b>
<b>Other results</b>			
Subscription and redemption fee	8.7.10	2	1
<b>Total other results</b>		<b>2</b>	<b>1</b>
<b>Operating expenses</b>			
Management fee		(712)	(678)
Service fee		(85)	(81)
<b>Total operating expenses</b>	8.7.11	<b>(797)</b>	<b>(759)</b>
<b>Net result</b>		<b>(9,922)</b>	<b>10,187</b>

## 8.6. Cash flow statement

Cash flow statement			
(amounts x € 1,000)	Reference	2021	2020
<b>Cash flow from investment activities</b>			
Purchases of investments		(16,041)	(6,043)
Sales of investments		1,338	258
Net receipts/(payments) for call money transactions		8	65
Management fee paid		(720)	(683)
Service fee paid		(86)	(81)
<b>Net cash flow from investment activities</b>		<b>(15,501)</b>	<b>(6,484)</b>
<b>Cash flow from financing activities</b>			
Subscriptions		16,498	6,499
Redemptions		(1,000)	-
Received subscription and redemptions fees		2	1
<b>Net cash flow from financing activities</b>		<b>15,500</b>	<b>6,500</b>
<b>Net cash flow</b>		<b>(1)</b>	<b>16</b>
Cash and cash equivalents opening balance		1	(15)
<b>Cash and cash equivalents closing balance</b>	8.7.5	<b>-</b>	<b>1</b>



## 8.7. Notes to the financial statements

### 8.7.1 General

The accounting principles and the method of calculating the ratios are included in chapter 11.

### 8.7.2 Subsequent events

There have been no events after the balance sheet date for which disclosure is required.

### 8.7.3 Investments

Movement schedule of investments		
(amounts x € 1,000)	2021	2020
<i>Investment funds</i>		
Opening balance	278,465	261,785
Purchases	16,041	6,043
Sales	(1,274)	(308)
Revaluation	(9,127)	10,945
<b>Closing balance</b>	<b>284,105</b>	<b>278,465</b>
<i>Call money</i>		
Opening balance	(65)	-
Net amount for transactions in call money	(8)	(65)
<b>Closing balance</b>	<b>(73)</b>	<b>(65)</b>

### 8.7.4 Risks with respect to financial instruments

This paragraph shows the important risks associated with the investments of the fund.

#### Price risk

Price risk can be divided into:

- Currency risk is the risk that the value of a financial instrument will fluctuate as a result of changes in exchange rates;
- Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, either caused by factors that exclusively apply to the individual instrument or the issuer thereof or by factors that influence all instruments that are traded in the market;
- Interest rate risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market interest rates.

The concept of price risk does not only comprise possibility of losses but also the possibility of gains.

#### Currency risk

There is no active currency policy. The fund mainly has investments in its portfolio that are quoted in euros. As a result, the fund is not exposed to significant currency risk.

#### Market risk

The fund only has investments in Aegon Investment Funds that invest worldwide. As a result, the fund is indirectly exposed to significant market risk.

Portfolio overview				
(amounts x € 1,000)	2021		2020	
Investment	Amount	% of NAV	Amount	% of NAV
Aegon Basisfonds Government Related Investments	284,105	100.0	278,465	100.0
<b>Total as at 31 December</b>	<b>284,105</b>	<b>100.0</b>	<b>278,465</b>	<b>100.0</b>

#### Interest rate risk

The fund does not invest in fixed income securities or bond futures and is therefore not exposed to significant interest rate risk.

#### **Cash flow risk**

Cash flow risk is the risk that future cash flows of a monetary financial instrument will fluctuate in size.

The fund does not invest in financial instruments with variable interest rates and is therefore not exposed to significant cash flow risk.

#### **Credit risk**

Credit risk is the risk that counterparties of investments cannot meet their obligations, causing the fund to incur a financial loss.

The amount that best represents the maximum credit risk of the fund is €0 (2020: €65,000). Including the financial instruments sensitive to credit risk in the underlying investment funds, the amount that best represents the maximum credit risk of the fund is €284,105,000 (2020: €278,530,000).

The fund invests in financial instruments that are sensitive to credit risk and are therefore exposed to significant credit risk.

#### **Liquidity risk**

Liquidity risk, also known as 'funding risk', is the risk that the fund is not able to meet the financial obligations associated with its financial instruments or redemptions by participants. Liquidity risk can, among others, occur from the inability to sell a financial asset in the short term for (an amount close to) its fair value.

The fund is exposed to liquidity risk as the fund's investments cannot be liquidated immediately become. The entry and exit of participants depends on the supply of loans, respectively on the availability of liquid assets released from the cash flows of the investments or from the net balance of new issuance and purchase of units in the fund. As a result, the fund is not exposed to a significant liquidity risk.

### 8.7.5 Cash and cash equivalents

The cash and cash equivalents are at the free disposal of the fund.

### 8.7.6 Net asset value

Movement schedule net asset value			
(amounts x € 1,000)	2021	2020	
<b>Net asset value participants</b>			
Opening balance	278,448	261,762	
Subscriptions	16,498	6,499	
Redemptions	(1,000)	-	
<b>Closing balance</b>	<b>293,946</b>	<b>268,261</b>	
<b>Net result for the year</b>	<b>(9,922)</b>	<b>10,187</b>	
<b>Total net asset value as at 31 December</b>	<b>284,024</b>	<b>278,448</b>	

Movement schedule of participations			
	2021	2020	
Opening balance	24,831,639	24,246,602	
Subscriptions	1,499,589	585,037	
Redemptions	(90,369)	-	
<b>Closing balance</b>	<b>26,240,859</b>	<b>24,831,639</b>	

Historical summary				
	2021	2020	2019	
Net asset value (X € 1,000)	284,024	278,448	261,762	
Number of participations outstanding (units)	26,240,859	24,831,639	24,246,602	
Net asset value per participation in €	10.82	11.21	10.80	
Performance (net asset value)	(3.48%)	3.87%	5.29%	

### 8.7.7 Other payables

Other payables			
(amounts x € 1,000)	2021	2020	
Management fee payable	7	15	
Service fee payable	1	2	
<b>Total as at 31 December</b>	<b>8</b>	<b>17</b>	

### 8.7.8 Profit and loss statement

The accounting principles and the method of calculating the ratios are included in chapter 11.

### 8.7.9 Changes in fair value of investments

Changes in fair value of investments			
(amounts x € 1,000)	2021	2020	
Realised price- and currency gains investment funds	121	22	
Unrealised price- and currency gains investment funds	-	10,923	
Unrealised price- and currency losses investment funds	(9,248)	-	
<b>Total as at 31 December</b>	<b>(9,127)</b>	<b>10,945</b>	

### 8.7.10 Subscription and redemption fee

The subscription and redemption fees are 0.00% of the transaction amount. The fees charged are entirely to the benefit of the fund. Until the 1<sup>st</sup> October 2021 the subscription and redemption fees amounted to 0.01%.

### 8.7.11 Costs and fees

Identified transaction costs		
(amounts x € 1,000)	2021	2020
Beleggingsfondsen	2	1
<b>Total transaction costs</b>	<b>2</b>	<b>1</b>

#### Management fee

The annual management fee amounts to 0.25%.

#### Service fee

The service fee is 0.03% per year on the fund's assets up to € 500 million. A service fee of 0.025% applies to the fund assets of €500 million to €1.5 billion. A service fee of 0.02% applies to fund assets above € 1.5 billion.

#### Ongoing Charges Figure (OCF)

The overview below shows the costs during the year:

OCF		
(amounts x € 1,000)	2021	2020
Average net asset value	284,717	270,473
Total costs within the fund including fee sharing agreements	797	759
<b>Total costs</b>	<b>797</b>	<b>759</b>
<b>OCF</b>	<b>0.28%</b>	<b>0.28%</b>

#### Turnover Ratio (TR)

The TR gives an indication of the turnover of the fund's investment portfolio by providing insight in the extent to which the fund manager actively changes the investment portfolio based on his investment decisions.

TR		
(amounts x € 1,000)	2021	2020
Purchases of investments	16,041	6,043
Sales of investments	1,274	308
<b>Total investment transactions</b>	<b>17,315</b>	<b>6,351</b>
Subscriptions	16,499	6,499
Redemptions	1,000	-
<b>Total movements in participations</b>	<b>17,499</b>	<b>6,499</b>
Average net asset value	284,717	270,473
<b>TR</b>	<b>(0)</b>	<b>(0)</b>

#### Other notes

The other notes are an integral part of the financial statements and are included in chapter 12.

## 9 Annual Report 2021 AEAM US Corporate Credit Fund

1 January 2021 through 31 December 2021

## 9.1. General information

### Date of incorporation

The fund was established on 17 December 2019.

### Profile

The fund is a fund for joint account (Dutch: “fonds voor gemene rekening”). The participations are only available to qualified investors (Dutch: “gekwalificeerde beleggers”) as defined in the Dutch Act on Financial Supervision (Dutch: “Wet op het financieel toezicht”).

### Investment Policy

The fund invests, directly or indirectly, in USD-denominated fixed income securities issued by certain institutions or businesses. The investment process is aimed at adding value by means of the management's policy. Some examples of the policy to be pursued are: selection policy of countries, sectors and individual bonds.

### Objective

The fund aims to provide capital growth by investing primarily in USD denominated investment grade corporate bonds.

### Sustainability policy (art. 8 SFDR)

This fund promotes ecological or social characteristics in the following way:

This Fund actively avoids investing in companies that have significant adverse impact on biodiversity, environment, human rights and wellbeing. No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the financial product.

In its investment policy, the fund manager has taken into account the beforementioned ecological or social characteristics.

In addition, the Taxonomy Regulation requires disclosure on how and to what extent the investments of each fund are in economic activities that qualify as environmentally sustainable pursuant to those criteria. This information and a brief explanation of the regulation are set out below.

Regulation (EU) 2020/852 regarding the establishment of a framework to promote sustainable investments (Taxonomy Regulation) establishes criteria for determining whether an economic activity qualifies as environmentally sustainable in the context of particular environmental objectives. As at the date hereof, the only such objectives are climate change mitigation and adaptation (the “Climate Objectives”).

In order for an investment to qualify as environmentally sustainable as at the date hereof, it must meet a number of different criteria, including that it contributes substantially to a Climate Objective, as measured according to the technical screening criteria set out in the Taxonomy Regulation, and that it must not significantly harm any of the other environmental objectives set out in the Taxonomy Regulation.

The technical screening criteria are very detailed and require the availability of multiple, specific data points regarding each investment. As at the date hereof, there is insufficient data available to be able to assess investments using the technical screening criteria. As such, the fund is not in a position to describe: (a) the extent to which the investments of the fund are in economic activities that qualify as environmentally sustainable pursuant to the technical screening criteria; (b) the proportion, as a percentage of the portfolio as a whole, of investments in environmentally sustainable economic activities; or (c) the proportion, as a percentage of the portfolio as a whole, of enabling and transitional activities (as such are described in the Taxonomy Regulation). Therefore, the fund manager considers that the most prudent course of action, at present, is to disclose that 0% of such funds' investments are in environmentally sustainable economic activities for the purposes of the Taxonomy Regulation.

The “do no significant harm” principle referred to above applies only to those investments underlying the relevant fund that take into account the EU criteria for environmentally sustainable economic activities; investors should note that at present none of the relevant funds take into account the EU criteria for environmentally sustainable economic activities.

The fund manager is keeping this situation under active review and where sufficient reliable, timely and verifiable data on the investment becomes available, it will re-evaluate its approach to the Taxonomy Regulation and relevant documentation will be updated.

#### **Benchmark**

The fund has no benchmark.

#### **Restrictions**

##### *Investment restrictions*

The fund may invest in transferable bonds in USD issued by companies and institutions from OECD countries. The fund's freely available cash position must be between -10% and 10% of the fund's assets. The fund excludes investments in emerging markets, securitized assets, covered bonds, AT1 Capital/contingent convertibles and other investment funds. The fund may invest up to 10% of the fund's assets in unlisted securities. This 10% restriction does not apply to:

- Securities offered under Regulation S of Rule 144a, as defined in the US Securities Act of 1993, if those securities are listed on a stock exchange, and
- Other securities, including securities subject to Rule 144A, that are “TRACE-eligible”: Trade Reporting and Compliance Engine, a trade-reporting system for fixed income securities.

##### *Investment Strategies*

At the time of purchase, no more than 5% of the Fund's Net Asset Value may be invested in a single issuer, measured at the parent company level.

##### *Duration*

The fund's "modified and credit" durations are between 3 and 9 years.

##### *Rating*

At least 70% of the portfolio must be invested in credits with a rating of A or higher (when purchased). Investments may not be made in bonds with a rating of BBB or lower.

##### *Leverage*

The permitted leverage, or the exposure resulting from using the permitted credit margin and/or entering into contracts in derivative financial instruments (in accordance with the method based on commitments made), is a maximum of 10% of the fund's assets. The permitted leverage, based on the gross method, is 300% of the fund's assets. These instruments (derivatives) are only used if this is in line with the realization of the Fund's objective, to hedge risks and/or for efficient portfolio management.

##### *Short term deviations*

Short-term deviations from the above restrictions are possible due to large entry into or exit from the Fund. Such deviations are brought back within a period of 1 month within the established limits.

#### **Fiscal status**

The fund is fiscally transparent, which means that the fund is not liable for corporate tax (or subject to any other tax on profits) and is not subject to dividend withholding tax. The assets, liabilities and results of the fund are directly allocated for tax purposes to the participants of the fund in proportion to their participation. Income or capital gains earned by a participant are regarded as income or capital gains made on the assets of the fund.

#### **Dividend Policy**

The fund does not distribute dividend. The earned income is reinvested.

## 9.2. Report of fund manager - investment policy

The AEAM US Corporate Credit Fund invests in dollar bonds issued by banks and companies from the OECD countries, with a rating not lower than BBB. No investment benchmark is used.

The fund achieved a net return of 5.25% in euros over the year 2021.

The market itself had a difficult year due to the rise in underlying US government bond yields, while spreads were fairly stable throughout the year. The appreciation of the dollar against the euro made a significant positive contribution, so that on balance the fund recorded a positive result in euro terms.

The year started with extensive vaccination campaigns against Covid-19, followed by a strong economic recovery. This also led to inflationary pressures, which at first seemed transient, but gradually turned out to be more persistent. As a result, the market began to expect a less accommodative policy from the central banks, and interest rates started to rise. Indeed, in mid-December, the Fed announced that it would be phasing out its support programs and that the first rate hike could take place as early as 2022.

During the fourth quarter, the market also stagnated due to the sharp increase in infections caused by the Covid-19 virus. At the end of November, sentiment was also negatively affected by the discovery of the new, more contagious, omicron variant of Covid-19 virus. The market recovered in the weeks that followed, when it became plausible that this new variant would cause serious complications to a lesser extent.

We anticipate a more difficult year for the corporate bond market for 2022. That estimate is mainly based on the expectation that central banks will act against inflationary tensions, and that they will turn towards a more restrictive monetary policy than in previous years. As the underlying fundamentals of the market remain intact, with continued economic growth and strong financial starting positions from most companies and banks, we expect spreads to widen only to a limited extent.

The fund is exposed to currency risk as the investments are denominated in US dollars. Furthermore, the market risk is limited as the investments are spread over different regions, countries and individual issuers. An important part of the market risk consists of credit risk. This is the risk of value fluctuations due to a changing creditworthiness of the issuer. The fund invests in fixed income financial instruments with a higher risk profile and is therefore exposed to significant credit risk. The credit risk is limited as much as possible by spreading it over issuers. No derivatives are used.



### 9.3. Key figures

Key figures			
	2021	2020	17-9-2019 through 31-12-2019
<b>Overview per participation<sup>13</sup></b>			
Changes in fair value	0.22	(0.30)	(0.08)
Income	0.30	0.32	0.10
Other results	0.02	(0.02)	-
<b>Total result</b>	<b>0.54</b>	<b>-</b>	<b>0.02</b>
Management fee and other expenses	(0.02)	(0.02)	(0.00)
<b>Net result</b>	<b>0.52</b>	<b>(0.02)</b>	<b>0.02</b>
Net asset value (x € 1,000)	131,956	125,378	79,330
Outstanding number of participations	12,435,178	12,435,178	7,909,561
Net asset value per participation	10.61	10.08	10.03
<b>Performance<sup>14</sup></b>			
Performance (net asset value)	5.25%	0.53%	0.30%

<sup>13</sup> Amounts per participation are based on the average number of participations during the year.

<sup>14</sup> The performance is the time weighted return after costs calculated on a daily basis.

## Financial statements 2021 AEAM US Corporate Credit Fund

### 9.4. Balance sheet as at 31 December 2021

Balance Sheet			
(before appropriation of result)			
(amounts x € 1,000)			
	Reference	2021	2020
<b>Assets</b>			
<b>Investments</b>			
Investment funds		127,625	123,100
Call money		3,849	1,566
<b>Total investments</b>	9.7.3	<b>131,474</b>	<b>124,666</b>
<b>Receivables</b>			
Other receivables	9.7.5	947	923
<b>Total receivables</b>		<b>947</b>	<b>923</b>
<b>Other assets</b>			
Cash and cash equivalents	9.7.6	4	1
<b>Total other assets</b>		<b>4</b>	<b>1</b>
<b>Total assets</b>		<b>132,425</b>	<b>125,590</b>
<b>Liabilities</b>			
<b>Net asset value</b>			
Net assets before result		125,378	125,530
Result for the year		6,578	(152)
<b>Total net asset value</b>	9.7.7	<b>131,956</b>	<b>125,378</b>
<b>Investments</b>			
Call money		466	207
<b>Total investments</b>	9.7.3	<b>466</b>	<b>207</b>
<b>Short term liabilities</b>			
Other payables and liabilities	9.7.8	3	5
<b>Total short term liabilities</b>		<b>3</b>	<b>5</b>
<b>Total liabilities</b>		<b>132,425</b>	<b>125,590</b>

## 9.5. Profit and loss statement

Profit and loss statement			
(amounts x € 1,000)	Reference	2021	2020
<b>Direct result</b>			
Interest obligation		3,760	2,810
Interest call money		6	10
Interest income bankaccounts		-	1
<b>Total direct result</b>		<b>3,766</b>	<b>2,821</b>
Revaluation of investments	9.7.10	2,783	(2,588)
<b>Total investment result</b>		<b>6,549</b>	<b>233</b>
<b>Other results</b>			
Currency results		286	(196)
<b>Total other results</b>		<b>286</b>	<b>(196)</b>
<b>Operating expenses</b>			
Management fee		(205)	(151)
Service fee		(51)	(36)
Interest bank accounts		(1)	(1)
Non deductible withholding tax paid		-	(1)
<b>Total operating expenses</b>	9.7.12	<b>(257)</b>	<b>(189)</b>
<b>Net result</b>		<b>6,578</b>	<b>(152)</b>

## 9.6. Cash flow statement

Cash flow statement			
(amounts x € 1,000)	Reference	2021	2020
<b>Cash flow from investment activities</b>			
Purchases of investments		(38,934)	(58,825)
Sales of investments		37,192	11,215
Net receipts/(payments) for call money transactions		(2,024)	(849)
Interest received		3,742	2,606
Management fee paid		(207)	(150)
Service fee paid		(51)	(36)
Interest paid		(1)	(1)
Non deductible withholding tax paid		-	(1)
<b>Net cash flow from investment activities</b>		<b>(283)</b>	<b>(46,041)</b>
<b>Cash flow from financing activities</b>			
Subscriptions		-	46,200
<b>Net cash flow from financing activities</b>		<b>-</b>	<b>46,200</b>
<b>Net cash flow</b>		<b>(283)</b>	<b>159</b>
Cash and cash equivalents opening balance		1	38
Currency translation results on cash and cash equivalents		286	(196)
<b>Cash and cash equivalents closing balance</b>	9.7.6	<b>4</b>	<b>1</b>

## 9.7. Notes to the financial statements

### 9.7.1 General

The accounting principles and the method of calculating the ratios are included in chapter 11.

### 9.7.2 Subsequent events

There have been no events after the balance sheet date for which disclosure is required.

### 9.7.3 Investments

Movement schedule of investments		
(amounts x € 1,000)	2021	2020
<i>Investment funds</i>		
Opening balance	123,100	78,078
Purchases	38,934	58,780
Sales	(37,161)	(11,215)
Revaluation	2,752	(2,543)
<b>Closing balance</b>	<b>127,625</b>	<b>123,100</b>
<i>Call money</i>		
Opening balance	1,359	510
Net amount for transactions in call money	2,024	849
<b>Closing balance</b>	<b>3,383</b>	<b>1,359</b>
<i>Forward currency contracts</i>		
Settlement of positions	(31)	45
Revaluation	31	(45)
<b>Closing balance</b>	<b>-</b>	<b>-</b>

### 9.7.4 Risks with respect to financial instruments

This paragraph shows the important risks associated with the investments of the fund.

#### Price risk

Price risk can be divided into:

- Currency risk is the risk that the value of a financial instrument will fluctuate as a result of changes in exchange rates;
- Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, either caused by factors that exclusively apply to the individual instrument or the issuer thereof or by factors that influence all instruments that are traded in the market;
- Interest rate risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market interest rates.

The concept of price risk does not only comprise possibility of losses but also the possibility of gains.

Currency risk

There is no active currency policy. The fund has investments in its portfolio that are denominated in foreign currencies. As a result, the fund is exposed to significant currency risk.

Breakdown portfolio by currency				
(amounts x € 1,000)				
	2021		2020	
Investment	Amount	% of NAV	Amount	% of NAV
US Dollar	131,081	99.3	125,590	100.2
Other currencies	875	0.7	(212)	(0.2)
<b>Total as at 31 December</b>	<b>131,956</b>	<b>100.0</b>	<b>125,378</b>	<b>100.0</b>

Market risk

The fund invests in financial instruments that are virtually insensitive to market risk.

Top 10 investments				
(amounts x € 1,000)				
	2021			
Investment	%	Maturity date	Amount	% of NAV
Goldman Sachs Group Inc	4.223	1-5-2029	2,478	1.9
Verizon Communications	2.987	30-10-2056	2,232	1.7
Wells Fargo & Company	3.584	22-5-2028	2,133	1.6
Bank Of America Corp	3.419	20-12-2028	2,013	1.5
Morgan Stanley	3.625	20-1-2027	1,958	1.5
Wells Fargo & Company	2.572	11-2-2031	1,705	1.3
American Express Co	3.000	30-10-2024	1,609	1.2
Unitedhealth Group Inc	2.000	15-5-2030	1,528	1.2
Target Corp	3.375	15-4-2029	1,461	1.1
Comcast Corp	4.150	15-7-2028	1,444	1.1
<b>Total as at 31 December</b>			<b>18,560</b>	<b>14.1</b>

Top 10 investments				
(amounts x € 1,000)				
	2020			
Investment	%	Maturity date	Amount	% of NAV
Morgan Stanley	3.625	20-1-2027	2,362	2.0
Verizon Communications	2.987	30-10-2056	2,192	1.7
Comcast Corp	4.700	15-10-2048	2,133	1.7
Wells Fargo & Company	3.584	22-5-2028	2,089	1.7
Citigroup Inc	3.878	24-1-2039	1,951	1.6
Goldman Sachs Group Inc	4.223	1-5-2029	1,813	1.4
Walt Disney Company	3.500	13-5-2040	1,775	1.4
Air Products & Chemicals	1.500	15-10-2025	1,573	1.3
JPMorgan Chase & Co	3.109	22-4-2051	1,573	1.3
General Electric Co	4.125	9-10-2042	1,565	1.2
<b>Total as at 31 December</b>			<b>19,026</b>	<b>15.0</b>

**Interest rate risk**

The fund invests in fixed income financial instruments and bond futures and is therefore exposed to significant interest rate risk.

**Exposure interest rate risk 2021**

(amounts x € 1,000)	2021					
	Shorter than 1 year	Between 1 and 5 years	Between 5 and 10 years	Between 10 and 20 years	Longer than 20 years	Total
Obligations	23,079	26,616	51,825	5,613	20,492	127,625
Call money	3,383	-	-	-	-	3,383
<b>Total as at 31 December</b>	<b>26,462</b>	<b>26,616</b>	<b>51,825</b>	<b>5,613</b>	<b>20,492</b>	<b>131,008</b>

**Exposure interest rate risk 2020**

(amounts x € 1,000)	2020					
	Shorter than 1 year	Between 1 and 5 years	Between 5 and 10 years	Between 10 and 20 years	Longer than 20 years	Total
Obligations	4,923	28,264	47,660	11,122	31,131	123,100
Callgelden	1,359	-	-	-	-	1,359
<b>Total as at 31 December</b>	<b>6,282</b>	<b>28,264</b>	<b>47,660</b>	<b>11,122</b>	<b>31,131</b>	<b>124,459</b>

The following overviews give insight in the effective interest rate of the bonds.

**Breakdown bonds by interest rate type**

(amounts x € 1.000)	2021		2020	
	Amount	% of NAV	Amount	% of NAV
Fixed	108,369	82.1	109,719	87.5
Floating	19,256	14.6	13,381	10.7
<b>Total as at 31 December</b>	<b>127,625</b>	<b>96.7</b>	<b>123,100</b>	<b>98.2</b>

**Breakdown bonds by interest rate**

(amounts x € 1.000)	2021		2020	
	Amount	% of NAV	Amount	% of NAV
Tussen 1% en 2%	11,491	8.7	6,266	5.0
Tussen 2% en 3%	37,602	28.5	24,358	19.4
Tussen 3% en 4%	52,305	39.7	56,974	45.5
Tussen 4% en 5%	22,873	17.3	28,393	22.7
Tussen 5% en 6%	2,262	1.7	5,305	4.2
Tussen 6% en 7%	1,092	0.8	1,804	1.4
<b>Total as at 31 December</b>	<b>127,625</b>	<b>96.7</b>	<b>123,100</b>	<b>98.2</b>

**Cash flow risk**

Cash flow risk is the risk that future cash flows of a monetary financial instrument will fluctuate in size.

The fund invests in financial instruments with a variable interest rate and is therefore exposed to significant cash flow risk.

**Credit risk**

Credit risk is the risk that counterparties of investments cannot meet their obligations, causing the fund to incur a financial loss.

The amount that best represents the maximum credit risk is of the fund € 132,425,000 (2020: € 125,383,000). The fund invests in financial instruments that are sensitive to credit risk and are therefore exposed to significant credit risk.

Bonds portfolio breakdown by credit rating				
(amounts x € 1,000)				
	2021		2020	
Credit Rating	Amount	% of NAV	Amount	% of NAV
AAA	3,296	2.5	2,951	2.4
AA	6,356	4.8	8,861	7.1
A	82,747	62.7	78,384	62.5
BBB	35,226	26.7	32,904	26.2
<b>Total as at 31 December</b>	<b>127,625</b>	<b>96.7</b>	<b>123,100</b>	<b>98.2</b>

The credit rating was determined on the basis of data supplier Bloomberg, based on the rating according to rating agency Moody's. If this rating is not available, the rating according to rating agency S&P is assumed. If the rating at S&P is not available, the rating according to rating agency Fitch has been used.

**Liquidity risk**

Liquidity risk, also known as 'funding risk', is the risk that the fund is not able to meet the financial obligations associated with its financial instruments or redemptions by participants. Liquidity risk can, among others, occur from the inability to sell a financial asset in the short term for (an amount close to) its fair value.

The participations of the fund are traded on a daily basis. The fund invests in freely tradable listed securities through its underlying funds. As a result, the fund is not exposed to a significant liquidity risk.

### 9.7.5 Other receivables

Other receivables		
(amounts x € 1,000)		
	2021	2020
Interest receivable	947	923
<b>Total as at 31 December</b>	<b>947</b>	<b>923</b>

### 9.7.6 Cash and cash equivalents

The cash and cash equivalents are at the free disposal of the fund.

### 9.7.7 Net asset value

Movement schedule net asset value			
(amounts x € 1,000)	2021	2020	
<b>Net asset value participants</b>			
Opening balance	125,378	79,330	
Subscriptions	-	46,200	
<b>Closing balance</b>	<b>125,378</b>	<b>125,530</b>	
<b>Net result for the year</b>	<b>6,578</b>	<b>(152)</b>	
<b>Total net asset value as at 31 December</b>	<b>131,956</b>	<b>125,378</b>	

Movement schedule of participations			
	2021	2020	
Opening balance	12,435,178	7,909,561	
Subscriptions	-	4,525,617	
<b>Closing balance</b>	<b>12,435,178</b>	<b>12,435,178</b>	

Historical summary				
	2021	2020	2019*	
Net asset value (X € 1,000)	131,956	125,378	79,330	
Number of participations outstanding (units)	12,435,178	12,435,178	7,909,561	
Net asset value per participation in €	10.61	10.08	10.03	
Performance (net asset value)	5.25%	0.53%	0.30%	

\* The figures for 2019 relate to the period 17 September till 31 December 2019.

### 9.7.8 Other payables

Other payables			
(amounts x € 1,000)	2021	2020	
Management fee payable	2	4	
Service fee payable	1	1	
<b>Total as at 31 December</b>	<b>3</b>	<b>5</b>	

### 9.7.9 Profit and loss statement

The accounting principles and the method of calculating the ratios are included in chapter 11.

### 9.7.10 Changes in fair value of investments

Changes in fair value of investments			
(amounts x € 1,000)	2021	2020	
Realised price- and currency gains bonds	983	260	
Realised price- and currency losses bonds	(1,991)	(424)	
Unrealised price- and currency gains bonds	4,221	715	
Unrealised price- and currency losses bonds	(461)	(3,094)	
Realised price- and currency gains forward currency contracts	168	99	
Realised price- and currency losses forward currency contracts	(137)	(144)	
<b>Total as at 31 December</b>	<b>2,783</b>	<b>(2,588)</b>	



### 9.7.11 Subscription and redemption fee

For this fund subscription and redemption fees are not applicable.

### 9.7.12 Costs and fees

#### Management fee

The annual management fee amounts to 0.18% over the fund's assets till € 50 million. On the fund's assets above €50 million, a management fee of 0.15% applies.

#### Service fee

The annual service fee amounts to 0.04% over the fund's assets and is charged daily based on the net asset value of the fund at the end of the previous trading day.

#### Ongoing Charges Figure (OCF)

The overview below shows the costs during the year:

OCF		
(amounts x € 1,000)	2021	2020
Average net asset value	126,443	90,599
Total costs within the fund including fee sharing agreements	256	187
<b>Total costs</b>	<b>256</b>	<b>187</b>
<b>OCF</b>	<b>0.20%</b>	<b>0.21%</b>

#### Turnover Ratio (TR)

The TR gives an indication of the turnover of the fund's investment portfolio by providing insight in the extent to which the fund manager actively changes the investment portfolio based on his investment decisions.

TR		
(amounts x € 1,000)	2021	2020
Purchases of investments	38,934	58,825
Sales of investments	37,192	11,215
<b>Total investment transactions</b>	<b>76,126</b>	<b>70,040</b>
Subscriptions	-	46,200
<b>Total movements in participations</b>	<b>-</b>	<b>46,200</b>
Average net asset value	126,443	90,599
<b>TR</b>	<b>60</b>	<b>26</b>

#### Other notes

The other notes are an integral part of the financial statements and are included in chapter 12.

## 10 Annual Report 2021 AEGON Liability Matching Fund II

1 January 2021 through 31 December 2021

## 10.1. General information

### Date of incorporation

The fund was established on 16 September 2019.

### Profile

The fund is a fund for joint account (Dutch: “fonds voor gemene rekening”). The participations are only available to qualified investors (Dutch: “gekwalificeerde beleggers”) as defined in the Dutch Act on Financial Supervision (Dutch: “Wet op het financieel toezicht”).

### Investment Policy

The fund invests in the AEAM Strategic Liability Matching Fund (SLMF). The aim of the SLMF is to hedge market interest rate risk efficiently and to the intended extent as part of the fixed-income portfolio.

The SLMF uses, among other things, interest rate swaps to increase interest rate sensitivity. This gives the SLMF a so-called leverage, which means that the volatility of the participation value is greater than with an average fixed-income investment fund. The SLMF uses a collateral buffer to manage counterparty risk.

If interest rates rise, the value of the SLMF will most likely decrease, if interest rates fall, the value of the SLMF will most likely increase. If the buffer is not sufficient in the event of a sharp drop in the participation value of the SLMF, additional payments into this buffer are required from the other components of the investment portfolio that the participant holds with Aegon. In the event of a strong increase in the participation value, the SLMF's buffer is skimmed off to other components of the investment portfolio that the participant holds with Aegon. The amount of the additional payment or creaming off takes place up to the so-called reference rate of the SLMF. This reference rate has been chosen in such a way that an interest rate rise of 1.6 percentage points can be absorbed. With an interest rate rise of approximately 0.25 percentage point at the end of the month or approximately 0.50 percentage point intra-month, an additional payment and thus the new reference rate will be effected.

For more information about the SLMF, please refer to the fund specifications of the SLMF also included in this prospectus.

### Objective

The objective of the fund is to enable participants to gear the interest rate sensitivity of their investments to the interest rate sensitivity of the pensions to the intended extent. By hedging the interest rate risk, the aim is to bring the change in value of the fixed-income investments in line with the change in value of future pension benefits to the desired extent, so that the influence of the interest rate on the retirement date on the pension to be purchased is managed.

### Sustainability policy (art. 6 SFDR)

Regulation (EU) 2020/852, establishing a framework to promote sustainable investment (Taxonomy Regulation), establishes criteria for determining whether an economic activity qualifies as environmentally sustainable in the context of certain environmental objectives. To date, the only objectives are climate change mitigation and climate change adaptation (the “Environmental Goals”).

The Taxonomy Regulation also requires information to be provided on how and to what extent this fund invests in economic activities that are classified as environmentally sustainable on the basis of those criteria. The manager advises Investors that the underlying investments of this fund do not take into account the EU criteria for environmentally sustainable economic activities.

### **Benchmark**

The fund has no benchmark.

### **Restrictions**

#### *Investment restrictions*

The fund invests in the AEAM Strategic Liability Management Fund. The AEAM Strategic Liability Matching Fund may invest in derivative financial instruments (derivatives), government bonds from developed countries and liquid assets. Permitted derivative financial instruments (derivatives) are: interest rate swaps, fixed income futures and entering into repurchase transactions. The fund's freely available cash position must be between -5% and 5% of the fund's assets.

#### *Deposits and withdrawals*

The value of the underlying AEAM Strategic Liability Matching Fund ('SLMF') participation strongly depends on the market interest rate. As a result, the value of the SLMF participation can fluctuate strongly. The value of the SLMF participation has an upper and lower limit at the end of the month and an additional lower limit within the month. If the value of an SLMF participation exceeds or falls below these limits, a creaming or additional payment must be made to the reference price, respectively. This is achieved by buying or selling participations in the AEGON Liability Matching Fund for the participant against the sale or purchase of other components of the investment portfolio that the participant holds with Aegon. Such purchases and sales of the LMF, the AEGON Diversified Bond Fund II and possibly the AEGON Diversified Equity Fund III are subject to the usual surcharge and discount for this fund.

#### *Leverage*

The permitted leverage, i.e. the exposure resulting from using the permitted credit facilities and/or entering into contracts in derivative financial instruments, is a maximum of 2000% of the fund's assets (in accordance with the method based on commitments made). The permitted leverage, based on the gross method, is 4000% of the fund's assets. These instruments (derivatives) are only used if this is in line with the realization of the fund objective, to hedge risks and/or for efficient portfolio management.

### **Fiscal status**

The fund is fiscally transparent, which means that the fund is not subject to corporate income tax (or any other tax levy on profits) and is not subject to dividend withholding tax. For tax purposes, assets, liabilities and results of the fund are allocated directly to the participants of the fund in proportion to their participation. Income or capital gains realized by a participant with a participation are regarded as income or capital gains realized on the assets of the fund.

### **Dividend Policy**

The fund does not distribute dividend. The earned income is reinvested.

## 10.2. Report of fund manager - investment policy

The Aegon Liability Matching Fund II aligns the interest rate sensitivity of the investments of pension funds with the interest rate sensitivity of the liabilities. The fund is managed monthly based on a variable interest rate sensitivity per participation. The fund uses derivatives through futures and interest rate swaps.

In 2021, the 25-year swap rate in Europe rose by 52 basis points to 0.52%. The value of the participations, including distributions and additional payments, decreased. This was caused by the rise in interest rates. The value development, including additional payments and creaming off, moved well in line with the participants' pension obligations. As interest rates rose sharply in February, after economic data rose sharply due to the easing of the lockdowns, a top-up was made in February.

The portfolio managers are subject to the restrictions imposed by the mandate on counterparties and the portfolio composition. Risk managers check compliance with these restrictions. The fund does not run any currency risk because all investments are denominated in euros. The liquidity risk is limited, because there is sufficient liquidity in the market to absorb deposits and withdrawals. Credit risk is also limited: although there is a risk that the counterparty in a swap cannot meet its obligations, collateral agreements limit this risk. In addition, the bonds in the fund are government bonds, the credit risk of which is limited.

The above risks had a low impact on the fund performance over the year 2021, with the exception of the interest rate risk. As a result of the rise in interest rates, the value of the fund has decreased.

## 10.3. Key figures

Key figures	2021	16-9-2019 through 31-12-2020
<b>Overview per participation<sup>15</sup></b>		
Changes in fair value	(56.43)	77.52
Other results	0.67	0.86
<b>Total result</b>	<b>(55.76)</b>	<b>78.38</b>
Management fee and other expenses	(0.33)	(0.48)
<b>Net result</b>	<b>(56.09)</b>	<b>77.90</b>
Net asset value (x € 1,000)	217,932	219,163
Outstanding number of participations	1,032,938	735,573
Net asset value per participation	210.98	297.95
Transactionrate*	210.98	298.49
<b>Performance<sup>16</sup></b>		
Performance (net asset value)	(29.18%)	24.41%

\*Aegon Asset Management applies full swing pricing (full ADL), which implies that the net asset value per participation is adjusted by the swing factor at net inflows or outflows.

<sup>15</sup> Amounts per participation are based on the average number of participations during the year.

<sup>16</sup> The performance is the time weighted return after costs calculated on a daily basis.

## Financial statements 2021 AEGON Liability Matching Fund II

### 10.4. Balance sheet as at 31 December 2021

Balance Sheet			
(before appropriation of result)			
(amounts x € 1,000)			
	Reference	2021	2020
<b>Assets</b>			
<b>Investments</b>			
Investment funds		217,833	218,987
<b>Total investments</b>	10.7.3	<b>217,833</b>	<b>218,987</b>
<b>Receivables</b>			
Outstanding transactions in financial instruments		1	5,197
Other receivables	10.7.5	60	42
<b>Total receivables</b>		<b>61</b>	<b>5,239</b>
<b>Other assets</b>			
Cash and cash equivalents	10.7.6	55	14
<b>Total other assets</b>		<b>55</b>	<b>14</b>
<b>Total assets</b>		<b>217,949</b>	<b>224,240</b>
<b>Liabilities</b>			
<b>Net asset value</b>			
Net assets before result		273,123	168,441
Result for the year		(55,191)	50,722
<b>Total net asset value</b>	10.7.7	<b>217,932</b>	<b>219,163</b>
<b>Short term liabilities</b>			
Outstanding transactions in financial instruments		13	5,071
Other payables and liabilities	10.7.8	4	6
<b>Total short term liabilities</b>		<b>17</b>	<b>5,077</b>
<b>Total liabilities</b>		<b>217,949</b>	<b>224,240</b>

## 10.5. Profit and loss statement

Profit and loss statement			
(amounts x € 1,000)	Reference	2021	16-9-2019 through 31-12-2020
<b>Investment result</b>			
Revaluation of investments	10.7.10	(55,535)	50,474
<b>Total investment result</b>		<b>(55,535)</b>	<b>50,474</b>
<b>Other results</b>			
Restitution management fee		658	562
<b>Total other results</b>		<b>658</b>	<b>562</b>
<b>Operating expenses</b>			
Management fee		(246)	(246)
Service fee		(67)	(67)
Interest bank accounts		(1)	(1)
<b>Total operating expenses</b>	10.7.12	<b>(314)</b>	<b>(314)</b>
<b>Net result</b>		<b>(55,191)</b>	<b>50,722</b>

## 10.6. Cash flow statement

Cash flow statement			
(amounts x € 1,000)	Reference	2021	16-9-2019 through 31-12-2020
<b>Cash flow from investment activities</b>			
Purchases of investments		(161,262)	(204,508)
Sales of investments		101,823	41,066
Received management fee restitutions		640	520
Management fee paid		(248)	(241)
Service fee paid		(67)	(66)
Interest paid		(1)	(1)
<b>Net cash flow from investment activities</b>		<b>(59,115)</b>	<b>(163,230)</b>
<b>Cash flow from financing activities</b>			
Subscriptions		218,830	340,136
Redemptions		(159,674)	(176,892)
<b>Net cash flow from financing activities</b>		<b>59,156</b>	<b>163,244</b>
<b>Net cash flow</b>		<b>41</b>	<b>14</b>
Cash and cash equivalents opening balance		14	-
<b>Cash and cash equivalents closing balance</b>	10.7.6	<b>55</b>	<b>14</b>

## 10.7. Notes to the financial statements

### 10.7.1 General

The accounting principles and the method of calculating the ratios are included in chapter 11.

### 10.7.2 Subsequent events

There have been no events after the balance sheet date for which disclosure is required.

### 10.7.3 Investments

Movement schedule of investments		
(amounts x € 1,000)	2021	2020
<i>Investment funds</i>		
Opening balance	218,987	-
Purchases	156,204	209,579
Sales	(101,823)	(41,066)
Revaluation	(55,535)	50,474
<b>Closing balance</b>	<b>217,833</b>	<b>218,987</b>

### 10.7.4 Risks with respect to financial instruments

This paragraph shows the important risks associated with the investments of the fund.

#### Price risk

Price risk can be divided into:

- Currency risk is the risk that the value of a financial instrument will fluctuate as a result of changes in exchange rates;
- Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, either caused by factors that exclusively apply to the individual instrument or the issuer thereof or by factors that influence all instruments that are traded in the market;
- Interest rate risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market interest rates.

The concept of price risk does not only comprise possibility of losses but also the possibility of gains.

#### Currency risk

There is no active currency policy. The fund mainly has investments in its portfolio that are quoted in euros. As a result, the fund is not exposed to significant currency risk.

#### Market risk

The fund only has investments in Aegon Investment Funds that invest in Europe. As a result, the fund is indirectly exposed to significant market risk.



Portfolio overview				
(amounts x € 1,000)	2021		2020	
Investment	Amount	% of NAV	Amount	% of NAV
AEAM Strategic Liability Matching Fund	217,833	100.0	218,987	99.9
<b>Total as at 31 December</b>	<b>217,833</b>	<b>100.0</b>	<b>218,987</b>	<b>99.9</b>

#### Interest rate risk

The fund invests indirectly through the underlying investment funds in fixed-income financial instruments, bond futures and interest rate swaps and is therefore indirectly exposed to significant interest rate risk.

#### Cash flow risk

Cash flow risk is the risk that future cash flows associated with a financial instrument will fluctuate in size.

The fund invests indirectly, through the AEAM Strategic Liability Matching Fund, in interest rate swaps where the AEAM Strategic Liability Matching Fund receives fixed interest and pays variable interest. The fund receives depending on skim off the result of the AEAM Strategic Liability Matching Fund or make additional payments in case negative result within the AEAM Strategic Liability Matching Fund. As a result, the fund is exposed to a significant cash flow risk.

#### Credit risk

Credit risk is the risk that the contracting party of a financial instrument will not meet its obligation, as a result of which the fund incurs a financial loss.

The amount that best represents the maximum credit risk is €116,000 (2020: €5,253,000). Including the financial instruments sensitive to credit risk in the underlying investment funds, the amount that best represents the maximum credit risk is €217,949,000 (2020: €224,240,000). The fund invests in financial instruments that are sensitive to credit risk and are therefore exposed to significant credit risk.

#### Liquidity risk

Liquidity risk, also known as 'funding risk', is the risk that the fund is not able to meet the financial obligations associated with its financial instruments or redemptions by participants. Liquidity risk can, among others, occur from the inability to sell a financial asset in the short term for (an amount close to) its fair value.

Through the underlying fund, the fund invests in freely tradable listed bonds and interest rate swaps, which can be regarded as less liquid and the fund is therefore indirectly exposed to a significant liquidity risk.

### 10.7.5 Other receivables

Other receivables		
(amounts x € 1,000)	2021	2020
Restitution management fee receivable	60	42
<b>Total as at 31 December</b>	<b>60</b>	<b>42</b>

### 10.7.6 Cash and cash equivalents

The cash and cash equivalents are at the free disposal of the fund.

### 10.7.7 Net asset value

Movement schedule net asset value		
(amounts x € 1,000)	2021	16-9-2019 through 31-12-2020
<b>Net asset value participants</b>		
Opening balance	219,163	-
Subscriptions	213,634	345,333
Redemptions	(159,674)	(176,892)
<b>Closing balance</b>	<b>273,123</b>	<b>168,441</b>
<b>Net result for the year</b>	<b>(55,191)</b>	<b>50,722</b>
<b>Total net asset value as at 31 December</b>	<b>217,932</b>	<b>219,163</b>

Movement schedule of participations		
(amounts x € 1,000)	2021	16-9-2019 through 31-12-2020
Opening balance	735,573	-
Subscriptions	954,025	1,487,152
Redemptions	(656,660)	(751,579)
<b>Closing balance</b>	<b>1,032,938</b>	<b>735,573</b>

Historical summary		
	2021	2020*
Net asset value (X € 1,000)	217,932	219,163
Number of participations outstanding (units)	1,032,938	735,573
Net asset value per participation in €	210.98	297.95
Performance (net asset value)	(29.18%)	24.41%

\* The figures for 2020 relate to the period 16 September 2019 to 31 December 2020.

### 10.7.8 Other payables

Other payables		
(amounts x € 1,000)	2021	2020
Management fee payable	3	5
Service fee payable	1	1
<b>Total as at 31 December</b>	<b>4</b>	<b>6</b>

### 10.7.9 Profit and loss statement

The accounting principles and the method of calculating the ratios are included in chapter 11.

### 10.7.10 Changes in fair value of investments

Changes in fair value of investments		16-9-2019 through 31-12-2020
(amounts x € 1,000)	2021	
Realised price- and currency gains investment funds	9,065	19,973
Realised price- and currency losses investment funds	(77)	(7,323)
Unrealised price- and currency gains investment funds	-	37,824
Unrealised price- and currency losses investment funds	(64,523)	-
<b>Total as at 31 December</b>	<b>(55,535)</b>	<b>50,474</b>

### 10.7.11 Subscription and redemption fee

The subscription and redemption fee is 0.09% of the transaction amount. The fees charged are entirely to the benefit of the fund. Until October 1, 2021, subscription and redemption fee was 0.1875% of the transaction amount.

### 10.7.12 Costs and fees

Identified transaction costs		16-9-2019 through 31-12-2020
(amounts x € 1,000)	2021	
Investment funds	395	272
<b>Total transaction costs</b>	<b>395</b>	<b>272</b>

#### Management fee

The annual management fee amounts to 0.11%.

#### Service fee

The service fee is 0.03% per year on the fund's assets up to € 500 million. A service fee of 0.025% applies to the fund assets of €500 million to €1.5 billion. A service fee of 0.02% applies to fund assets above € 1.5 billion.

#### Ongoing Charges Figure (OCF)

The overview below shows the costs during the year:

OCF		16-9-2019 through 31-12-2020
(amounts x € 1,000)	2021	
Average net asset value	224,191	172,832
Total costs within the fund including fee sharing agreements	(345)	(249)
Costs underlying funds	655	564
<b>Total costs</b>	<b>(310)</b>	<b>315</b>
<b>OCF</b>	<b>0.14%</b>	<b>0.18%</b>
<b>Annualised OCF</b>	<b>0.14%</b>	<b>0.14%</b>

### Turnover Ratio (TR)

The TR gives an indication of the turnover of the fund's investment portfolio by providing insight in the extent to which the fund manager actively changes the investment portfolio based on his investment decisions.

TR		16-9-2019 tot en met 31-12-2020
(bedragen x € 1.000)	2021	
Purchases of investments	156,204	209,579
Sales of investments	101,823	41,066
<b>Total investment transactions</b>	<b>258,027</b>	<b>250,645</b>
Subscriptions	154,898	199,475
Redemptions	100,938	36,231
<b>Total movements in participations</b>	<b>255,836</b>	<b>235,706</b>
Average net asset value	224,191	172,832
<b>TR</b>	<b>1</b>	<b>9</b>

### Other notes

The other notes are an integral part of the financial statements and are included in chapter 12.

## 11 Principles of valuation and determination of the result and the calculation method of ratios

### General

The financial statements are prepared in accordance with Title 9 of Book 2 of the Dutch Civil Code and the Dutch Act on Financial Supervision (“Wet op het financieel toezicht”). The financial statements are prepared according to the financial statements models for investment institutions as established by the legislator. Wording may be used that deviates from these models to better reflect the contents of the specific items.

Unless indicated otherwise, amounts are reflected in euro.

### Comparison to the previous year

The accounting principles have remained unchanged in comparison to the previous year.

### Foreign currencies

The reporting and functional currency of the fund is the euro due to the issue of participations in euro and most of the transactions being in euro. Monetary assets and liabilities in foreign currency are translated by the closing rate. Non-monetary assets and liabilities that are valued on a historical cost basis are translated by the rate of the foreign currency at the date of the transaction.

Purchases and sales during the reporting period are translated by the rate of the foreign currency at the date of the transaction. The same applies to foreign currencies related to profit and loss statement.

Differences related to foreign currency translations on investments are recognized in the profit and loss statement as part of the revaluation of investments.

Differences related to foreign currency translations on receivables and payables are recognized in the profit and loss statement under currency translation differences.

The following table shows the exchange rates with the equivalent of €1:

Foreign currency closing rates		
Currency	31-12-2021	31-12-2020
US dollar	1.137200	1.122355

### Cash flow statement

The cash flow statement is prepared using the direct method. A distinction is made between cash flows arising from financing activities which reflect all cash flows between the fund and its participants and the cash flows from investment activities which reflect the operations activities of the fund.

The cash flows from investment activities may also include the deposits and withdrawals arising from the investment in the AeAM Strategic Liability Matching Fund.

Cash and cash equivalents consist of cash at banks and bank overdrafts.

### Principles for valuation

Unless stated otherwise, assets and liabilities are included in the balance sheet at nominal value. Investments are valued at fair value. The manner in which this fair value is determined is further explained in the paragraph Fair value determination.

### Investments

The equity investments and investment funds are classified as investments in equity instruments.

The bond investments are classified as investments in purchased loans and bonds and are in principle not held to maturity.

The derivatives (such as, for example, forward exchange contracts, options, futures, interest rate swaps, commodity swaps, total return swaps and credit default swaps) are considered to be part of the trading portfolio.

#### **Criteria for recognition on the balance sheet**

Financial instruments are recognised in the balance sheet when the fund becomes a party in the contractual clauses of the financial instrument. The fair value of the financial instruments at initial recognition is the cost price of the financial instruments.

A financial instrument is no longer recognised in the balance sheet if a transaction leads to the transfer of all or nearly all economic benefits and all or nearly all risks of the financial instrument to a third party.

Collateral received in connection with the fund's securities lending activities is not included in the balance sheet as the fund has no control over the collateral received. The counterparty receives back the collateral received when the lent securities are returned. The securities lent and the collateral received in return are explained, if applicable, under the rights and obligations not included in the balance sheet.

For collateral received in connection with outstanding derivative positions of the fund, the fund includes a debt to the counterparty in the balance sheet for the collateral to be repaid. The fund recognizes a claim on the counterparty for collateral paid in connection with open derivative positions. Interest is charged on the collateral received or paid.

#### **Recognition of transaction**

Transactions are processed based on trade date (trade date accounting). Deposits and withdrawals from investments in the fund with an overlay structure are also included as part of the purchases and sales.

#### **Transaction cost recording**

Transaction costs for purchases of investments are included in the cost price of the investments and are accounted for as part of the unrealised result on investments in the profit and loss statement. As a result, no transaction costs are expensed at the end of the year. Transaction costs related to sales of investments are accounted for as part of the realised result on investments. Transaction costs upon purchases of derivatives are directly accounted for in the profit and loss statement.

The total amount for identified transaction costs of investments (besides the transaction costs of derivatives) of the Financial year is disclosed in the fees and expenses paragraph.

#### **Fair value determination**

The investments consisting of participations in other Aegon investment funds are valued at fair value, which is the intrinsic value of the participation of these funds. The net asset value of these funds is determined each day when the Dutch stock exchange is open and reflects the fair value of these Aegon investment funds at the time the net asset value is determined. The net asset value of all Aegon investment funds is audited at least once a year by the independent external auditor as part of the fund's annual audit.

Investments listed on a stock exchange are valued at the most recent closing price or, failing that, at the value appraised by the fund manager. If financial instruments are listed on different stock exchanges, the fund manager will decide which stock exchange quotation will be taken into account. In the event of special circumstances (such as, for example, high volatility in financial markets) where, in the opinion of the fund manager, the valuation in the manner described above leads to a valuation that does not reflect the true value, the fund manager may, in determining the value of listed financial instruments take into account expected quotations using relevant indices on financial markets.

The valuation of asset-backed securities (financial instrument consisting of a portfolio of assets) is determined on the basis of data provided by Barclays Capital. If Barclays is unable to provide a reliable price (for example because insufficient information regarding security is available), a discounted cash flow model is used, taking into account spreads and ratings of asset-backed securities. If this does not yield a reliable valuation, various broker quotes are requested to arrive at a valuation.

Corporate bonds (credits/high yields) are valued at the prevailing rate as stated by data supplier Barclays Capital. If Barclays cannot provide a reliable price (for example because insufficient information regarding security is available), then data supplier Interactive Data is used. If this does not yield a reliable valuation, data suppliers Markit and Bloomberg are consulted and various broker quotes are requested to arrive at a valuation.

The market value of call money is determined on the basis of the theoretical price, calculated using data from active markets.

The market value of forward exchange contracts is determined using a standard model in which the quotes and parameters are read in via an interface with Bloomberg.

The market value of futures is determined on the basis of the listing on an exchange or other regulated market. If no direct quote is available, a theoretical price is calculated using data from active markets.

The market value of options is determined on the basis of the listing on a stock exchange or other regulated market. If no direct quote is available, a theoretical price is calculated using data from active markets.

The market value of total return swaps is determined on the basis of the theoretical price of the investment (underlying portfolio of financial instruments) and the corresponding loan, calculated using data from active markets.

When determining the market value of credit default swaps, the discounted cash flow method is used, whereby future payments are compared against the probability of bankruptcy.

The market value of interest rate swaps is determined by discounting the future cash flows at the market interest rate.

The exposure values of derivatives are further specified in the notes on the investments.

#### **Illiquid investments**

Any unmarketable and/or unlisted investments are valued on the basis of the most recent information available to the manager for these investments. The administrator will make every effort to have the most recent information. This implies that, in contrast to listed investments, for unmarketable and/or unlisted investments the value may be dated. If after determination of the net asset value but prior to publication of the annual report information becomes available that leads to a materially different insight with regard to the net asset value to be published in the annual report, this will be reported in the report. The additional information will be processed at the next determination of the net asset value.

#### **Presentation derivatives**

The positive market value of the derivatives is presented under the investments. The negative market value of derivatives is presented as investments on the liabilities side of the balance sheet. Any netting of derivatives in the balance sheet takes place if the netting conditions are met. The statement of changes in investments shows the netted development of the derivative positions per type of derivative.

### Receivables and payables

Receivables and payables are stated at fair value on initial recognition. After initial recognition, receivables and payables are valued at amortized cost. If there are no premiums, discounts or transaction costs, the amortized cost is equal to the nominal value of the receivable or debt.

The receivables mainly consist of recoverable and deductible dividend and withholding tax and/or accrued interest. The receivables arising from recoverable and deductible dividend and withholding tax have a duration of more than one year. The other receivables and payables have a term of less than one year. A provision for impairment is made if needed.

### Cash and cash equivalents

Cash and cash equivalents are valued at nominal value.

### Net asset value

In the net asset value of the fund, the transactions with participants and the appropriation of the result are recorded. Transactions with participants are processed against the subscription- or redemption price excluding subscription or redemption fee or swing price factor.

### Performance calculation based on dividend reinvestment

The performance (net asset value) is calculated based on the net asset value at the end of the year and the net asset value of the previous year. Dividend distributions are considered to be reinvested at the net asset value per participation on the day of the dividend distribution.

### Principles for determination of results

Income and expenses arising from operating activities during the financial year are recognized in the profit and loss account. Buying and selling costs of investments and derivatives are recognized directly in the profit and loss account.

### Dividend income

Dividends are recognized on the ex-dividend date, taking into account any non-refundable dividend tax.

### Interest income and expenses

Interest is recognized in the period to which it relates. Interest income and interest expense are recognized in proportion to time, taking into account the effective interest rate of the relevant assets and liabilities.

### Value changes investments

This concerns indirect investment income from realized and unrealized changes in value and exchange rate differences. These revenues are recognized in the period to which they relate.

The realized and unrealized exchange rate and currency results for the financial year are accounted for under value adjustments to investments. The realized exchange rate and currency results are determined as the difference between the sales value and the average historical purchase value. The unrealized exchange rate and currency results are determined as the movement in the unrealized exchange rate and currency results during the financial year. The reversal of unrealized exchange rate and currency results processed in previous years is included in the unrealized exchange rate and currency results upon realization of these results.

### Cost

Costs are recognized in the period to which they relate.

### Management fee

The fund manager charges a fixed management fee for the management of the fund's assets. The management fee is determined as an annual percentage. The management fee is charged to the funds on a daily basis based on the net asset value of the funds at the end of the previous trading day.



### Service fee

The fund manager charges a service fee to the fund. The service fee serves as compensation for costs such as custody fees, audit fees, legal and advisory fees, incorporation costs, administration fees and marketing and communication costs. The auditors fees for research of the annual reports and possible fiscal advice and other non-audit services are paid by the fund manager from the received service fees. These expenses cannot be individually allocated to the funds under management. Therefore a further disclosure is omitted.

The service fee is charged on a daily basis based on the net asset value of the fund at the end of the preceding trading day.

### Ongoing Charges Figure (OCF)

The OCF is a standard for ongoing costs that are charged to the fund during the reporting period. For the calculation of the OCF, the following needs to be considered:

- The OCF represents the ratio between ongoing costs and the average net asset value. The ongoing costs include all expenses that have been charged to the fund during the reporting period, with the exception of subscription- and redemption fees, performance fees, transaction costs for investments and interest expenses on bank accounts. The fund can invest in other Aegon funds. In addition to the costs directly recognised by the fund, the calculation of the fund's ongoing costs also includes the ongoing costs of other Aegon funds in which the fund invests as well as the costs of fee sharing agreements.
- The average net asset value is based on the number of days when a net asset value calculation was performed during the reporting period.
- Costs in externally managed funds included when a fund invested directly or indirectly more than 10 percent of the net assets of the fund. The average proportion of externally managed investment funds taken into calculation must cover at least 80% of the total average externally managed investment funds. If the external fund invested in an underlying fund, cost will not be included in the calculation of the OCF, due to the lack of information on these costs.

### Turnover Ratio (TR)

The TR gives an indication of the turnover rate of the portfolio of the funds, providing insight into the extent to which there is an active change in the investment portfolio as a result of investment decisions. This indicator gives an impression of the transaction costs involved in portfolio management. Active portfolio management entails higher transaction costs. For example, an TR of 200 indicates that for twice the value of the average fund assets, buying and selling transactions have been made in addition to buying and selling transactions as a result of entries or exits. Withdrawals and withdrawals of call funds are not included in the calculation of the TR.

The purchases and issues of units are netted on a daily basis in order to determine the actual inflow or outflow on a daily basis. As a result, the inflow or outflow is better aligned with the purchases and sales as a result of transactions with participants. The amounts may therefore differ from the amounts shown in the equity and cash flow statement.

A fund can invest partly or completely in other Aegon investment funds in which the actual purchases and sales of investments take place. The TR of the underlying Aegon investment funds is more relevant and is disclosed in the financial statements of the relevant Aegon investment fund.

The TR is calculated as follows:

$$[(\text{Total 1} - \text{Total 2}) / X] * 100$$

Total 1: the total amount of securities transactions (securities purchases + securities sales)

Total 2: the total amount of transactions (issue + purchase) of units of the investment institution

X: the average net asset value of the investment institution (determined in accordance with the OCF method above).

## 12 Other notes

### Related parties

All transactions with related parties have been entered into at arm's length and under normal market conditions. For completeness purposes, the related parties and information on the agreements with these parties are detailed below.

### Fund manager

The funds use the services of the fund manager, AIM, and do not employ any personnel. The personnel that AIM uses is employed by Aegon Nederland N.V. The expenses for the use of the personnel of the fund manager are covered by the management fee that the fund pays to the fund manager.

### Legal owner

Aegon Custody B.V. serves as legal owner of the investments. Aegon Custody B.V. was incorporated on 25 April 1991. The legal owner is a private limited liability company with its registered office at Aegonplein 50, 2591 TV, The Hague. Aegon Custody B.V. is a fully-owned subsidiary of Aegon Asset Management Holding B.V. It is registered in the Chamber of Commerce register of The Hague under number 27134727.

### Aegon N.V.

Aegon N.V. renders the following services for the benefit of the fund, represented by the fund manager and the legal owner:

- Cash management: Aegon N.V. performs day-to-day cash management duties and manages the funds' aggregate cash pool.
- Currency management: Aegon N.V. is the counterparty for certain funds that do not have their own bank account in foreign currency for currency transactions. All settlements and corporate actions in foreign currency of these funds are booked on the currency accounts of Aegon N.V. and charged to the euro account of the relevant funds;
- OTC derivatives: within the framework of Aegon NV's derivatives policy, long-term OTC derivatives are concluded in the name of Aegon Derivatives NV. or the policy set out in the fund's prospectus. Effectively, the fund has Aegon Derivatives N.V. as counterparty and Aegon Derivatives N.V. has the external parties as counterparty. The collateral is settled on a daily basis by Aegon Derivatives N.V. with the funds. Aegon Derivatives N.V. is an intermediary for the efficient management of the derivatives exposure for the funds.

### Aegon Asset Management UK plc.

The fund manager has a service level agreement with Aegon Asset Management UK plc. regarding the calculation of fund- and benchmark performance that the manager uses for reporting on the funds.

### Aegon USA Investment Management, LLC

An Investment Management Agreement has been made with Aegon USA Investment Management LLC regarding the management of the American portfolio.

### Outsourcing

The fund manager has delegated tasks to the following parties in the context of the management of the fund:

- Aegon Asset Management Value Hub B.V.: shared service centre for transaction processing and performance measurement;
- Aegon Derivatives N.V.: services related to the management of cash and collateral;
- Aegon EDC Limited: IT infrastructure services;
- Aegon USA Investment Management LLC: external asset manager for certain equity portfolios;
- BlackRock (Netherlands) B.V.: external asset manager for certain equity funds;
- Citibank N.A. (London Branch): operational execution of securities lending transactions, fund accounting and corporate actions;
- Aegon N.V. (Group Treasury): services in the field of cash management;
- Aegon Asset Management UK Plc.: calculation of fund performance and benchmark performance;

**Liability of the depositary**

The depositary is liable to the AEAM funds and the participants for the loss of any financial instrument taken into custody by the depositary or a third party to which it has transferred the custody. The depositary will not be liable if it can demonstrate that the loss was caused by an external event beyond his reasonable control, the consequences of which were unavoidable despite any efforts to prevent them.

The depositary is also liable to the AEAM funds and the participants for any other losses they suffer due to the depositary's failure to properly fulfil its obligations under this depositary agreement with intent or due to negligence. Participants may indirectly invoke the liability of the depositary via the fund manager. If the fund manager refuses to cooperate with such a request, the participants are authorised to file the claim for damages directly with the depositary.

**Hard commissions and softdollar arrangements**

The fund does not enter into hard commission arrangements. With regard to soft dollar arrangements. AIM is charged by brokers for research information. This research information is beneficial to the fund and its participants.

**Proposed profit appropriation**

The Board of Management proposes to add the result for the financial year to the fund's participants capital.

The Hague, 21 April 2022

The investment manager

Signed on behalf of Aegon Investment Management B.V. by:

R.R.S. Santokhi  
B. Bakker  
O.A.W.J. van den Heuvel

## 13 Other information

### 13.1. Management board interests

During 2021, the board members of the investment manager held no direct or indirect interests in the fund or in any of the external managers appointed by the fund.

## 13.2. Independent auditor's report

To: the investment manager of AEAM Core Eurozone Government Bond Fund, AEAM Core Eurozone Government Bond Index Fund, AeAM Government Related Investment Fund, AEAM Money Market Euro Fund, AeAM Strategic Liability Matching Fund, AEAM US Corporate Credit Fund, AEGON Liability Matching Fund and AEGON Liability Matching Fund II

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## *Report on the financial statements 2021*

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### *Our opinion*

In our opinion, the financial statements of AEAM Core Eurozone Government Bond Fund, AEAM Core Eurozone Government Bond Index Fund, AeAM Government Related Investment Fund, AEAM Money Market Euro Fund, AeAM Strategic Liability Matching Fund, AEAM US Corporate Credit Fund, AEGON Liability Matching Fund and AEGON Liability Matching Fund II ('the Funds') give a true and fair view of the financial position of the Funds as at 31 December 2021, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

### *What we have audited*

We have audited the accompanying financial statements 2021 of AEAM Core Eurozone Government Bond Fund, AEAM Core Eurozone Government Bond Index Fund, AeAM Government Related Investment Fund, AEAM Money Market Euro Fund, AeAM Strategic Liability Matching Fund, AEAM US Corporate Credit Fund, AEGON Liability Matching Fund and AEGON Liability Matching Fund II, Den Haag.

The financial statements comprise:

- the balance sheet as at 31 December 2021;
- the profit and loss statement for the year then ended; and
- the notes, comprising a summary of the accounting policies applied and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is Part 9 of Book 2 of the Dutch Civil Code.

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### *The basis for our opinion*

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence*

We are independent of AEAM Core Eurozone Government Bond Fund, AEAM Core Eurozone Government Bond Index Fund, AeAM Government Related Investment Fund, AEAM Money Market Euro Fund, AeAM Strategic Liability Matching Fund, AEAM US Corporate Credit Fund, AEGON Liability Matching Fund and AEGON Liability Matching Fund II in accordance with the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

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## ***Report on the other information included in the annual report***

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The annual report contains other information. This includes all information in the annual report in addition to the financial statements and our auditor's report thereon.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains all the information regarding the report of investment manager and the other information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and the understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those procedures performed in our audit of the financial statements.

The investment manager is responsible for the preparation of the other information, including the report of the investment manager and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

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## ***Responsibilities for the financial statements and the audit***

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### ***Responsibilities of the investment manager***

The investment manager is responsible for:

- the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the investment manager determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the investment manager is responsible for assessing the Funds' ability to continue as a going-concern. Based on the financial reporting framework mentioned, the investment manager should prepare the financial statements using the going-concern basis of accounting unless the investment manager either intends to liquidate the Funds or to cease operations or has no realistic alternative but to do so. The investment manager should disclose in the financial statements any event and circumstances that may cast significant doubt on the Funds' ability to continue as a going concern.

### *Our responsibilities for the audit of the financial statements*

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Rotterdam, 21 April 2022  
PricewaterhouseCoopers Accountants N.V.

*This is an English translation of the original Dutch text, furnished for convenience only. In case of any conflict between this translation and the original text, the latter will prevail.*

***Appendix to our auditor's report on the financial statements 2021 of AEAM Core Eurozone Government Bond Fund, AEAM Core Eurozone Government Bond Index Fund, AeAM Government Related Investment Fund, AEAM Money Market Euro Fund, AeAM Strategic Liability Matching Fund, AEAM US Corporate Credit Fund, AEGON Liability Matching Fund and AEGON Liability Matching Fund II***

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

***The auditor's responsibilities for the audit of the financial statements***

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Funds' internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the investment manager.
- Concluding on the appropriateness of the investment manager's use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Funds to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the investment manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.