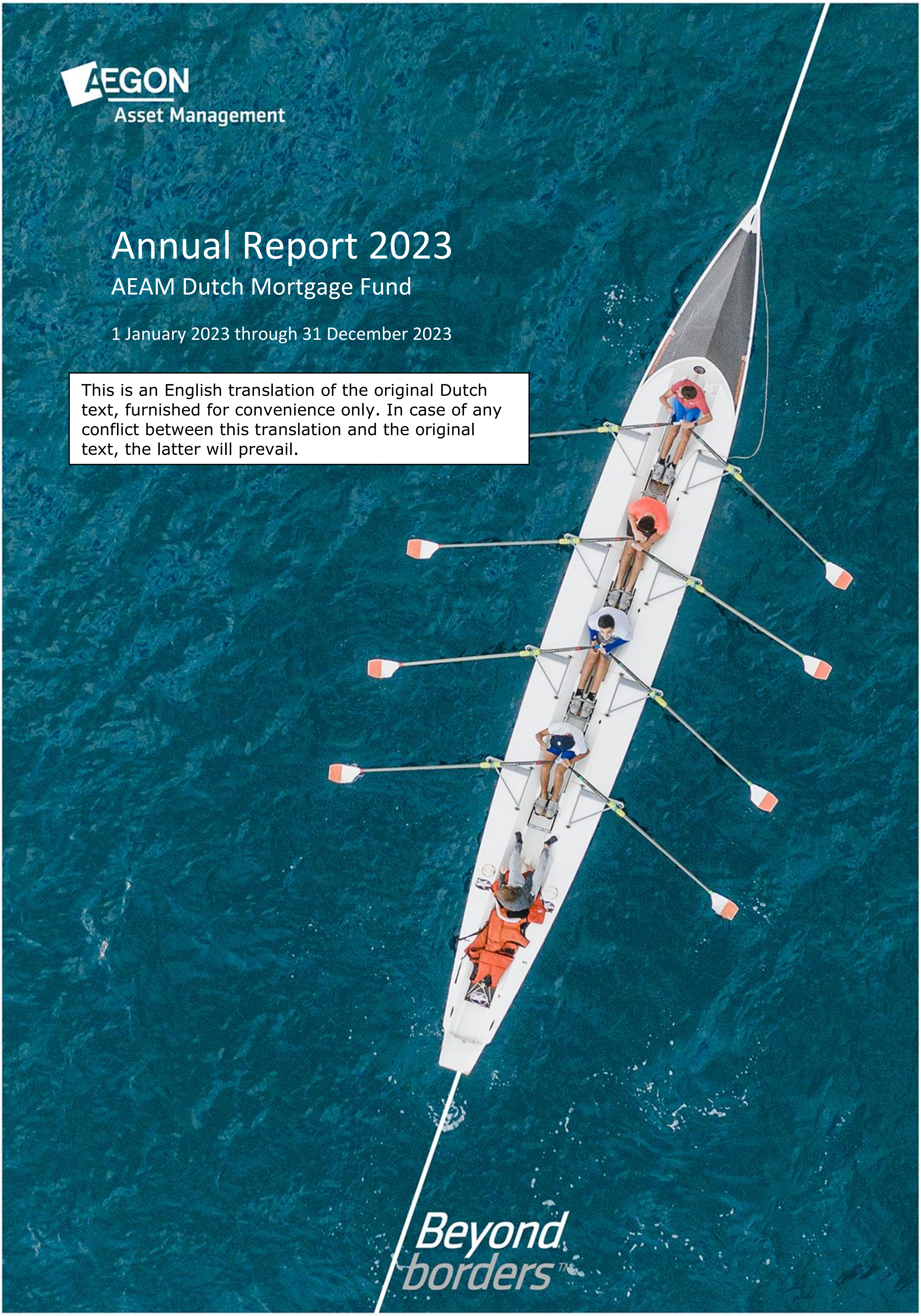
AEGON Asset Management



Annual Report 2023

AEAM Dutch Mortgage Fund

1 January 2023 through 31 December 2023

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.

Beyond 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 (resigned as of 01/02/2024)
- O.A.W.J. van den Heuvel
- B. Bakker (resigned as of 01/06/2023)
- D.F.R. Jacobovits de Szeged (joined as of 19/09/2023)
- W.H.M. van de Kraats (joined as of 19/09/2023)
- T.E.J.F. Stassen (joined as of 19/09/2023)

Depositary
Citibank Europe Plc (Netherlands Branch), established in Schiphol, is appointed as the depositary of the fund.

Legal owner
Aegon Custody B.V. fulfils the role of legal owner. The board of Aegon Custody B.V. consists of AIM.

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Website: www.aegonam.com

Independent auditor
PricewaterhouseCoopers Accountants N.V.
Thomas R. Malthusstraat 5
1066 JR Amsterdam
Postbus 90357
1006 BJ Amsterdam

Management and administration
The AEAM Dutch Mortgage Fund does not employ any personnel and uses the services of AIM for management and administration. The personnel of AIM is legally employed by Aegon Nederland B.V.

Before the sale of Aegon Nederland to a.s.r., AIM employees were formally employed by Aegon Nederland N.V. Since the sale, AIM employees have been working for Aegon Employees Netherlands B.V.

Information memorandum
The most recent information memorandum is dated 8 December 2022.

Sale of Aegon Netherlands to a.s.r.
On 4 July 2023, the sale of Aegon Netherlands and the underlying assets by Aegon Group to a.s.r. was completed. Through this transaction, Aegon Group has acquired a strategic interest in a.s.r. with associated rights. AIM remains part of Aegon Group. The most important consequences of the transaction for the Manager and the funds are stated in the Related Parties section of the annual report.

Starting date
The fund is established on 30 august 2013.

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 Dutch mortgages issued by Aegon Hypotheken B.V., for which the collateral consists of privately owned Dutch residential property. The fund acquires mortgages by subscribing to the new mortgages production of Aegon Hypotheken B.V. In addition, the fund can also maintain an amount of cash and cash equivalents to facilitate subscriptions and redemptions. Cash and cash equivalents can also be invested in Dutch government bonds. For the use of other techniques, instruments and/or structures, the prior approval of the participants of the meeting is obligatory.

Objective
The investment objective of the fund is long term outperformance of the benchmark, before deduction of management fees, resulting from the spread of Dutch mortgages compared to Dutch government bonds.

Sustainability
We confirm that the environmental and social characteristics as stated in the prospectus at the beginning of the reporting period in relation to this fund have been met.

Information regarding the environmental or social characteristics of this financial product is available in the appendix (Periodic Sustainability Notes AEAM Dutch Mortgage Fund), including information to which environmental objectives the investments of this fund contribute and how and to what extent the investments take place in economic activities that take into account the EU criteria for environmentally sustainable economic activities as set out in the EU taxonomy (2020/852). The “do no significant harm” principle only applies to the investments underlying this financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining part of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Benchmark
The benchmark of the fund is the JP Morgan Government Bond Index Traded Netherlands.

Restrictions
Investment universe
The fund may invest in mortgages and cash equivalents. The cash equivalents can be reinvested in Dutch Government bonds. The available cash of the fund must remain between -5% and 5% of the net asset value. Non-withdrawn construction deposits are not considered as cash in this regard.

Investment strategies
The net asset value may be invested in:
- NHG Mortgages, with a minimum of 50%;
- Non-NHG Mortgages, with a maximum of 50%;
- Loan-to-Value ratio, with a maximum of 106**%.**

The Loan-to-Value ratio is calculated by dividing the total outstanding principal of the mortgage claim by the originally calculated market value of the collateral.

Leverage
The allowed leverage, or exposure, that follows from using the allowed credit facilities and/or the entering into contracts of derivative financial instruments (on a commitment basis), is limited at 5% of the net asset value. The allowed leverage, based on the gross method is 105% of the net asset value.

Short term deviations
Short term deviations from the beforementioned restrictions are possible due to significant subscriptions to or redemptions from the fund. Such deviations are brought within the determined limits within a period of 2 months.

Marketability
The participations of the fund are registered and cannot be transferred, with the exception of redemption of participations by the fund manager. The fund manager does not issue participations.

Fiscal status
Private Mutual Fund
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 pays annual dividends to participants based on the average interest rate of the mortgage receivables and the average net asset value of the fund. Dividend is either issued as participations or distributed as cash.

Subscription and redemption fee
The fund does not charge a subscription or redemption fee on entry or exit of the fund.

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

Service fee
The manager charges a service fee to the fund. The service fee serves as a compensation for costs such as custody fees, audit fees, legal and advisory fees, incorporation costs, administration fees and marketing and communication costs. The service fee is determined as a percentage on an annual basis. The service fee is charged to the fund each day based on the net asset value of the fund at the end of the preceding trading day.

The fees for the audit of the annual report, fiscal advice and other non audit related services are paid by the manager from the service fee. These costs cannot be attributed to individual managed funds. Therefore further splitting has been omitted.

Mortgage servicing fee

The fund pays a fee to Aegon Hypotheken B.V. for services related to the distribution of mortgage receivables and in particular the management of the mortgage portfolio. These services consist, among others, of administration of the mortgage portfolio, communication with debtors, facilitation of the payments process regarding to mortgage loans and management reporting for the fund. The mortgage service fee amounts to 0.27% per year and is based on the nominal amount of outstanding mortgage receivables.

2 Report of the Investment Manager

2.1 Economic developments

Economy 2023

On the economic front, prior to the begining of 2023, there were many uncertanties. The economy was still recovering from the corona crisis, inflation was high, energy prices were very volatile and central banks had tightened monetary policy. There were many articles and discussions concerning the "landing" of the economy. There were clear scenarios for a so-called hard landing, where economies would fall into recession due to high inflation and rising interest rates.

Growth has surpassed forecasts by a wide margin a year later. In the US, GDP increased, while in Europe, despite the energy crisis, growth remained marginally positive. In China, however, growth was lower than expected. There, the real estate crisis lingers.

Although there have been significant improvements this year, high inflation was still a major concern for central banks. Energy prices dropped. Europe was successful in finding alternative sources of gas after the cessation of Russian imports. Furthermore, the OPEC+ cartel was unable to raise the price of oil further. Normalization of the supply chain, which was hampered by the pandemic, also contributed to the slowdown of inflation.

As recently as 2023, Central banks increased policy rates. However, in the fourth quarter, it appeared that inflation would fall more significantly. An unnecessary economic slowdown could result from central bankers maintaining high interest rates for an extended period of time.

United States: better than expected
The U.S. economy performed very well. There was no recession as was predicted, and US economic growth was better than anticipated. The economic growth was 2.4% on average, which was higher than growth in 2022. Inflation – which peaked in 2022 – slowly eased in 2023. By the end of 2023, the Federal Reserve was able to maintain monetary policy stability due to the normalization of inflation. Despite this, interest rates rose considerably in the United States in the first part of the year, but this did not result in a hard economic landing. The positive economic developments also had a positive effect on the labour market. In 2023, 2.5 million new jobs were created in the U.S., and unemployment was relatively low.

Considering that early in 2023 the biggest banking panic in 15 years was seen, this year's growth was remarkable. A combination of losses on long-term debt caused by rising interest rates and poor financial policies, led to the collapse of several regional banks in the U.S. This quickly spilled over to Credit Suisse, which was eventually forced into rescue by UBS and the Swiss government.

Eurozone: lower growth
The situation in Europe, was similar to the United States, however there were also differences. The European economy was more affected by headwinds and economic growth slowed more sharply to around 0.5%. The industrial sectors – traditionally an important pillar of the European economy – were particularly affected. Inflation also fell in Europe, mainly because energy prices which had previously risen sharply normalised. The ECB raised interest rates significantly in the first part of 2023, but decided to keep rates unchanged later in the year. The energy crisis – which was previously seen as a major risk – had less of a negative impact than previously feared. Energy consumption was reduced and Europe was able to find alternatives. Nevertheless, this remains a negative factor for the European economy.

It is noteworthy that the German economy contracted in 2023, partly attributable to the industrial sector. Countries such as Italy and France performed better, and Spain in particular – with growth of more than 2% – reported strong growth. Dutch growth was around zero, and since there was negative growth in the first three quarters of the year, 2023 will go down in the books as a year with a slight technical recession.

Elsewhere in the world
In China, the economy performed poorly. The recovery of the Chinese economy started later than in other parts of the world, as the government kept the restrictions in place for longer. However, there was no strong rebound after the lifting of the restrictions. This was partly due to the problems in the real estate sector.

Economic conditions in Japan were reasonable with economic growth of around 2%. Nonetheless, Japan's economy has performed significantly less well since the pandemic in comparison to other developed countries. It was striking that the central bank maintained interest rates below zero percent, whereas in other regions of the world interest rates actually increased. The bank remains cautious about quelling rising inflation too quickly, as the country has been experiencing inflation that is too low for several decades.

Countries in Latin America had reasonable economic growth in 2023. Higher commodity prices facilitated the growth. However, political uncertainty and fiscal constraints posed an obstacle. Countries in South-East Asia benefited from the shifting of production chains due to the increased tensions between the US and China. India showed strong growth. However, the Indian economy is only 20% of the size of China, so this has a very limited effect on the global economy.

2.2 Financial markets

Housing Market
The Dutch housing market, in 2023 has stabilized compared to the previous year and is moving into calmer waters. While house prices started to fall slightly since the second half of 2022, we saw this decline turn into another slight increase in mid-2023. As such, the CBS price index in December 2023 was 1.6% higher than a year earlier, but also 3.0% lower than its peak in the summer of 2022. According to the Dutch Association of Real Estate Agents (NVM), the average selling price of an existing home at the end of 2023 was 434,000 euros. This means a price increase for 3 quarters in a row. The average selling price is now 5.3% higher than at the end of 2022. At the end of 2023, there were 26% fewer homes for sale than there were at to the end of 2022. Consequently, the shortage on the owner-occupied housing market is increasing further. The new-build market is recovering somewhat at the end of 2023, however it remains at a historically low level. The shortage of new homes is causing a surplus on the demand side, which is driving up prices.

2.3 Key figures

Key figures	2023	2022	2021	2020	2019
Overview per participation[1]					
Changes in fair value	-	(1.99)	(0.18)	(0.10)	0.60
Investment result	0.32	0.32	0.36	0.35	0.35
Total result	**0.32**	**(1.67)**	**0.18**	**0.25**	**0.95**
Management fee and other expenses	(0.06)	(0.06)	(0.06)	(0.06)	(0.06))
Net result	**0.26**	**(1.73)**	**0.12**	**0.19**	**0.89**
Dividend paid per participation	(0.21)	(0.25)	(0.27)	(0.27)	(0.29)
Net asset value (x € 1,000)	8,760,540	8,889,676	11,657,077	12,677,488	13,270,176
Outstanding number of participations	838,305,168	854,988,471	944,784,473	1,014,337,051	1,052,728,078
Net asset value per participation	10.45	10.40	12.34	12.50	12.61
Performance[2]					
Performance (net asset value)	2.55%	(14.00%)	0.87%	1.52%	7.68%
Performance benchmark	6.14%	(19.52%)	(3.60%)	3.71%	3.98%
Outperformance	(3.39%)	6.85%	4.63%		
Outperformance since inception	22.14%	26.42%	18.31%		
Annualised outperformance since inception	1.99%	2.59%	2.08%		

2.4 Investment policy

In 2023, the AeAM Dutch Mortgage Fund realised a return of 2.55% after expenses. The return can be explained by the following factors: the change in the market value of the mortgages and the interest received. During the year, the weighted Aegon's mortgage rate for the AeAM Dutch Mortgage Fund decreased slightly. The fall in the mortgage interest rates had a positive effect on the market value of mortgages. In December 2023, prepayment parameters were recalibrated to the most recent dated, which had a negative impact on the market value. Measured throughout the year, the market value of mortgages increased by 0.01%. The interest received added another 3.05% to the total fund performance. There was no credit losses last year.

The return of 2.55% after expenses is an underperformance of -3.39% compared to the benchmark. The fund has a Dutch government bond index as benchmark (JP Morgan Government Bond Index Traded Netherlands). During 2023, the Dutch government interest rates fell more sharply than mortgage rates. This led to a greater positive performance for the benchmark based on market value. While the yield on Dutch mortgages is higher (at the beginning of January, the yield on Dutch 10-year government bonds was 2.3% versus a 4.4% yield for the fund), this was not enough to offset the higher yield due to the benchmark's interest rate movement, which has led to an overall lower yield relative to the benchmark.

[1] Amounts per participation are based on the average number of participations during the year.
[2] The performance is the time weighted return after costs calculated on a daily basis. The outperformance figures since inception are presented in 2021 for the first time, therefore no comparative figures are included for the years 2020 and 2019.

The fund invests in new mortgages on Dutch residences, granted by Aegon after 1 January 2013, and thus bears the debtor risk via mortgages. These new mortgages comply with the more stringent granting criteria, implemented since January 2013. The maximum LTV (loan compared to value of collateral) against which mortgages can be granted has been reduced to a maximum of 100% before multi-step energy-saving measures. In the event that investments are made in energy-saving measures, the maximum LTV can be higher than 100%. Moreover, repayment has become the norm. A considerable part of the mortgages in the fund has a straight line or other form of repayment (70%).

At the end of December 2023, the percentage of NHG mortgages was 47.7%. At the end of December, the mortgage fund duration is 7.0. The fund does not use derivatives.

The fund has dealt with the various risks as follows:

- Concentration risk: With nearly 60,000 loans in the fund, the fund is considered to be sufficiently diversified.
- Currency risk: The fund is not exposed to any currency risk.
- Liquidity risk: Investing in illiquid mortgages will involve liquidity risk. The monthly cashflows from the mortgages will be used to facilitate potential redemptions.

After the sharp rise in mortgage rates in the first half of 2022, the market has reached a new stable level in 2023. In the second half of 2023, we have seen real estate prices rise again, after a small correction in the previous twelve months. Housing affordability has also recovered somewhat due to salary increases due to the very tight labour market. These developments have further strengthened the fund's credit profile, resulting in a very low Debt-Service-to-income ratio (average of 16% at the end of December) and low LTV (average of 51% at the end of December).

2.5 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
- Inflation risk
- Credit risk
- Liquidity risk
- Climate Risk
- Leverage (a measure of the degree of the applied leverage)
- Operational risk management
- Fraud risk.

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 restriction 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 restrictions being breached. When breaches of restrictions occur, relevant stakeholders will be notified and further actions shall be determined to resolve the breaches as quickly as possible. 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 risk occurs as a result of investments in fixed income securities. Interest risk is usually measured by the duration. This risk is measured as the deviation (in years of under- or overweighed) in duration from the benchmark.

Inflation risk
Inflation risk occurs as a result of changes in the inflation level of a country. This has an effect on various financial instruments, specifically instruments with a fixed interest rate. Inflation risk is already included within other risks, such as interest risk, and therefore no additional specific measures are required to manage this risk.

Credit risk
Credit risk is the risk that a counterparty is unable to meet the obligations as set out in the terms of a financial instrument. This risk can result in the loss of the nominal amount or lead to a significant increase in spreads when dealing on the market.

Credit risk is managed by imposing restrictions on the maximum Loan-to-Value ratio and a minimum share of mortgage receivables with a NHG guarantee.

The restrictions as mentioned above are managed based on the Loan-to-Value ratio when acquiring the mortgage receivables and the share of mortgage receivables with a NHG guarantee on the current date.

For newly acquired mortgage receivables, restrictions imposed will apply on additional purchases of mortgage receivables. The measure that is taken:
- Non-NHG mortgages are maximised at 50%
- Loan-to-Value ratio is maximised at 106%

Liquidity risk
Liquidity risk is the risk the fund is not able to quickly sell an investment for a reasonable price. This risk is related to the volume of the fund and the individual positions compared to the volume and liquidity of the investments in the portfolio.

The fund manager has an appropriate liquidity management system which includes procedures to monitor the liquidity risk of each fund and to ensure that the liquidity of the fund is aligned with the underlying obligations.

The liquidity management system:
- keeps a level of liquidity in a fund that matches the underlying obligations, based on an estimate of the relative liquidity of the underlying assets in the market;
- monitors the liquidity profile of the funds' portfolio. This takes into account the possible marginal contribution of the individual assets that may have a material effect on liquidity, as well as the material liabilities and obligations that a fund can have in relation to its underlying obligations. For this purpose, AIM includes the profile of the investors base, the nature of the investments, the relative size of the investments and the redemption conditions in its assessment;
- implements the instruments and arrangements necessary to manage the liquidity risk of each fund. The fair treatment of all participants with regard to each fund must be considered.

Climate Risk
Climate risk includes both physical climate risk and transition climate risk. Physical climate risk arises from weather-related events whereas transition climate risk is associated with the move to a low-carbon economy. Climate risk can have a financial impact on the AAM funds on account of climate risk exposure from underlying investments in companies and countries. AAM measures the financial impact of climate risk by developing the climate scenario analysis skill to help better understand climate risk and how to ultimately respond to it. This includes the development of applications where the financial impact of climate risk will be quantified and analyzed using climate-adjusted valuations and risk metric models.

Climate risk is considered to be part of the market price of investments. Climate risk analyzes are carried out and any impact is discussed as part of investment decisions.

Leverage

Leverage expresses the relation between the exposure of the fund and the net asset value of the fund. The leverage in the fund is calculated in two different ways: the gross method and the commitment method. Both methods are prescribed by the 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 which are used for currency hedging purposes.

Each fund has leverage restrictions that are monitored just like other investment restrictions. In the case of investments in third-party funds, the leverage of such third-party funds is not included in the leverage calculations of the fund or 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 must meetthe 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).

All limits are calculated, checked and moinitored by AIM on a daily basis and the results are reported in a combined 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 defence

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 executed 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, register and monitor AIM's risks and assess, advise and support the first line. Second line enforces the risk culture within the first line to encourage the management on its risk management responsibilities.

- Third Line of defense

The third line of defense is executed by Internal Audit organization. Internal Audit is independently organized related to AIM and has the mandate to assess all processes performed by 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). The process is also reviewed by Enterprise Risk Management before the contract is signed.

- Failure to adequately draw up and conclude contracts (Investment Management Agreement or IMA) resulting in the legal safeguards being insufficient and that there is insufficient insight of the manager's performance (qualitative and quantitative) needed to make necessary adjustments, can lead to operational losses and reputational damage.

Control measures
Risks in relation to the conclusion of contracts with external managers are controlled by contracts being drawn up by expert lawyers on the basis of standard contracts. The IMA is always reviewed by the legal department..

- Unreliable process execution by the external managers, resulting in insufficient performance, incidents and 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 de external managers by the portfolio managers and a yearly evaluation 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 constantly follow 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 about 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. This will ensure that the fund manager maintains a prudent operational risk profile both under normal business conditions as well as under extreme conditions due to unforeseen events.

The fund manager has taken measures to identify and manage risks to an acceptable level. An acceptable level of risk is determined by the balance between the costs of the measures for mitigating risks and the value of the assets of the fund manager.

The responsibility for the adequate establishment of continuity management is part of the primary process. It is the responsibility of Operational Risk Management to independently supervise that the fund manager properly fulfils his responsibilities. This will ensure that the fund manager maintains a prudent operational risk profile in case of normal business conditions, as well as in case of extreme conditions caused by unforeseen events.

During the year no restriction overruns have occurred.

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 acceptation process. The compliance role plays an important part in the creation of the desired degree of risk awareness.

Fraud Risk

The fund manager faces operational risks as a result of operational failures or external events, such as processing errors, inaccuracies, adverse employee behavior and non-compliance with laws and regulations. Internal and external fraud can cause significant financial and reputational damage. In addition, attention is paid to preventing and detecting external fraud committed by, for example, customers or third parties.

Fraud risk is limited by various control measures present in the first line, such as authorization checks, system-enforced checks on payments, reconciliation checks and the automated segregation of duties for payment systems. All these control measures are periodically tested and evaluated and further monitored by the involvement of the second line (ERM, PRM, PRC and Compliance) and the third line (Internal Audit).

Among other things, training sessions for employees and conducting due diligence with regard to customers and business partners can restrict fraud risk .
Both fraud risks are managed through the anti-fraud program that applies within Aegon Group to all Aegon entities, including AIM B.V. This program contains specific key requirements that serve as a handle for managing fraud risks. For example, all Aegon entities must determine their tolerance for fraud-related damages, record fraud incidents and report them internally, and have procedures in place to say goodbye to customers, business partners and employees who have committed fraud.

SIRA is performed every year by the various Aegon Group entities. Compliance took part in this exercise once more in 2023 on behalf of AIM B.V with the intention of identifying and managing integrity risks. In the 1st phase, the focus was on gaining insight into the exposure of AIM B.V. to such risks through its strategy, customers, culture, business partners and products. In the 2nd phase, the integrity risk was assessed and valued This has resulted in the valuation of integrity risks without the existence of control measures (inherent risk) and with the existence of control measures as they work in practice (residual risk).

One integrity risk that Compliance assumes with relation to AIM B.V. has been assessed and valued in the SIRA 2023 and is the fraud risk. This was done on the basis of various scenarios such as:

- Unauthorized transactions;
- Accounting fraud;
- Theft of goods (internally related);
- Forgery, impersonation and fraudulent applications;
- Fraudulent claims;
- Fraudulent invoices and theft of goods (externally related).

The inherent risk associated with the four fraud categories and the related scenarios has been assessed as outside the risk tolerance in the context of the SIRA 2023. However, given the existing control measures and their effectiveness in practice, the remaining risks in all four fraud categories have been assessed as below or within the risk tolerance. The valuation took place along two axes (1) the degree of probability that the risk will occur (2) the degree of impact on, among other things, AAM NL's business operations if the risk occurs. Specific controls were not taken into account when assessing inherent risk. The assessment of the residual risk took into account the specific controls as existing and operating in practice.

These are some examples of control measures that AIM B.V. has been determined to implement during the SIRA 2023 by Compliance:

- three lines of defense framework in which the second and third line advise, challenge and monitor the first line, also in terms of fraud risk management;
- cooperation with reputable external parties as custodian and/or administrator as laid down in agreements for the funds under management;
- the existence of relevant policy documents such as Whistleblower Policy, Code of Conduct, Code of Ethics, and Conflicts of Interest Policy, the use of which is encouraged and reviewed;
- the existence of reporting and escalation procedures where Compliance can report and explain incidents, deficiencies, defects, etc. including recommendation for remedial measures;
- t the written recording of responsibilities and powers that ensure separation of functions.

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

GIPS
Aegon Investment Management B.V. also voluntarily complies with the Global Investment Performance Standards (GIPS). This GIPS verification of the investment funds is carried out annually by an external accounting firm. This has been done since the year 2000 with a positive final assessment. Aegon Investment Management B.V. thus meets the obligations set by GIPS and this underlines the reliability of the performance measurement of our investment funds.

2.6 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).

Transparency of remuneration rules in relation to the integration of sustainability risks
Alignment of the remuneration rules with sustainability risks is an important part of the AAM compensation program. AAM's global compensation rules encompass our global focus on integrating critical sustainability factors into multiple components of the variable compensation structure.

Performance indicators are a fundamental part of AAM's variable compensation program. In order to obtain an accurate representation of total performance from a long-term perspective, the remuneration rules contain limits on unadjusted financial performance indicators at both organizational and individual levels.

At the organizational level, the focus on sustainability is reflected by indicators that show the long-term sustainability of company results, including one, three and five year investment results, customer satisfaction and collaboration within and between teams.

Individual objectives ensure that all stakeholders have direct insight into how they contribute to AAM's strategy and sustainability goals. As an illustration, these indicators currently include components such as:

- A goal for all employees that includes core components of our culture, including accepting diversity of thought, demonstrating inclusive and respectful behavior, complying with company rules and successfully completing related training and adhering to risk management components.
- Professional objectives from an investor perspective including ensuring that ESG factors are considered in relation to each fund's risk and performance objectives while meeting responsibilities regarding client confidentiality.
- The board has individual goals regarding Inclusion & Diversity goals within the organization.

Our remuneration rules also outline management assessments that focus on risk alignment and the sustainability of business performance. Such assessments may result in a downward adjustment of variable remuneration elements. The assessments specifically include Bonus Malus provisions described in the remuneration rules.

Fixed remuneration
Fixed remuneration of AIM employees consists of the monthly salary, a flexible budget (including, among others, holiday allowance and 13th 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, eleven 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 2023. The amounts have been split to management, MRT and other employees.

Personnel compensation for the financial year 2023

Groups (amounts x € 1,000)	Number of personnel	FTE[1]	Fixed salary[2]	Variable remuneration
Board of directors	4	3	1,127	474
MRT	7	6	2,132	1,114
Other staff	425	385	45,245	5,415
Total AIM employees	**436**	**394**	**48,504**	**7,003**

Personnel compensation for the financial year 2022

Groups (amounts x € 1,000)	Number of personnel	FTE[1]	Fixed salary[2]	Variable remuneration
Board of directors	3	3	1,077	285
MRT	9	9	3,138	995
Other staff	457	393	42,972	4,667
Total AIM employees	**469**	**405**	**47,187**	**5,947**

[1] 1 FTE = 40 contractual hours per week
[2] 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.

2.7 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).

2.8 General outlook

Housing Market

In contrast to last year, in 2023 we have seen a return of old trends and the housing market has regained its stability. Mortgage rates are again showing a cautious downward trend. This trend has started again after we saw interest rates rise abruptly in the 2nd half of 2022 due to a change in central bank policy. The same applies to house prices, but in the opposite direction. From the 2nd half of 2022, there was a downward path caused by the sharp rise in interest rates. However, in mid-2023 we already saw this downward trend turn into a slight house price increase. As a result of the strong intervention during 2022, we saw inflation start to decline in 2023. We are currently at the point where inflation has declined sharply but is now showing a slowdown in the downward trend. The expectation in the market is that the first interest rate cuts by central banks will probably occur as early as the spring. However, the current communication from central banks seems to want to push this expectation back. Inflation must first move further towards the target rate of the central banks before it will be cut. So, 2024 promises to be a very exciting year for the short side of the yield curves. Mortgage lenders will want to preserve their margins and closely monitor these central bank movements. However, this seems to offer room to lower mortgage rates again. Such a possible slight downward trend increases the chance of a further rise in house prices. Beacause of increased mortgage rates, less refinancing, and falling house prices in 2022, we saw the number of transactions decline considerably that year. In 2023, the number of transactions has remained stable at this lower level. The upturn in the prospects of first-time buyers as a result of the fall in house prices and the increased supply has proved to be short-lived. After a slight fall in house prices, the already existing shortage of newly completed homes and the associated imbalance in supply and demand once again prevailed. Which led to rising prices again and a declining supply of housing. Lagging housing production has been part of the political agenda for some time, but it became one of the main themes during the November 2023 elections. Unfortunately, the election results do not yet offer many starting points for potential new solutions to turn around this situation that has been dragging on for far too long. In the medium term, therefore, things do not look good for starters and therefore, there is work for the government to do in coming up with a well thought-out long-term vision.

The Hague, 5 April 2024

The investment manager

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

O.A.W.J. van den Heuvel
D.F.R. Jacobovits de Szeged
W.H.M. van de Kraats
T.E.J.F. Stassen

3 Financial Statements AEAM Dutch Mortgage Fund

3.1 Balance sheet as at 31 December

Balance Sheet			
(before appropriation of result) (amounts x € 1,000)	Reference	2023	2022
Assets			
Investments			
Mortgage receivables		8,490,352	8,692,557
Call money		235,453	122,230
Total investments	3.4.2	**8,725,805**	**8,814,787**
Receivables			
Outstanding transactions in financial instruments		23,846	63,327
Other receivables	3.4.4	23,999	23,981
Total receivables		**47,845**	**87,308**
Total assets		**8,773,650**	**8,902,095**
Liabilities			
Net asset value			
Net assets before result		8,540,989	10,442,225
Result for the year		219,551	(1,552,549)
Total net asset value	3.4.5	**8,760,540**	**8,889,676**
Short term liabilities			
Outstanding transactions in financial instruments		10,387	9,675
Other payables and liabilities	3.4.6	2,723	2,744
Total short term liabilities		**13,110**	**12,419**
Total liabilities		**8,773,650**	**8,902,095**

3.2 Profit and loss statement

Profit and loss statement			
(amounts x € 1,000)	Reference	2023	2022
Direct result			
Interest mortgage receivables		263,712	286,479
Interest call money		5,140	-
Interest bank accounts		7	-
Total direct result		**268,859**	**286,479**
Realised investment results		-	-
Unrealised investment results		(1,989)	(1,789,176)
Total indirect result		**(1,989)**	**(1,789,176)**
Total investment result	3.4.8	**266,870**	**(1,502,697)**
Operating expenses			
Management fee		(18,142)	(20,676)
Service fee		(1,728)	(1,969)
Servicing fee mortgages		(25,575)	(27,006)
Interest depots		(1,720)	-
Interest call money		-	(100)
Interest bank accounts		(77)	(57)
Other expenses		(77)	(44)
Total operating expenses	3.4.10	**(47,319)**	**(49,852)**
Net result		**219,551**	**(1,552,549)**

3.3 Cash flow statement

Cash flow statement			
(amounts x € 1,000)	Reference	2023	2022
Cash flow from investment activities			
Mortgage loans issued		(774,750)	(271,778)
Mortgage loans repayments		1,015,159	1,167,460
Net receipts/(payments) for call money transactions		(113,223)	73,230)
Interest received		268,841	295,839
Management fee paid		(18,006)	(20,539)
Service fee paid		(1,715)	(1,956)
Servicing fee paid mortgages		(25,745)	(27,203)
Interest paid		(1,797)	(157)
Other expenses paid		(77)	(44)
Net cash flow from investment activities		**348,687**	**1,214,852**
Cash flow from financing activities			
Subscriptions		-	66,041
Redemptions		(250,275)	(1,219,404)
Dividend paid		(98,412)	(61,489)
Net cash flow from financing activities		**(348,687)**	**(1,214,852)**
Net cash flow		**-**	**-**
Cash and cash equivalents opening balance		-	-
Cash and cash equivalents closing balance		**-**	**-**

3.4 Notes to the financial statements

3.4.1 Accounting principles and the calculation methods for 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. The financial statements have been prepared on a going concern basis.

Going concern
The financial statements of the fund have been prepared on a going concern basis. This is based on the reasonable assumption that the fund is, and will be, able to continue its activities in the forseeable future.

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.

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.

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
Investments in mortgage receivables are held to maturity. These investments are not 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.

Recognition of transaction
Transactions are processed based on settlement date (settlement date accounting).

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.

Fair value determination
The mortgage receivables are acquired from Aegon Hypotheken B.V. at their fair value. At the date of transfer, mortgage receivables are assumed to have been acquired at the conditions then applicable. The fair value of a mortgage is determined by discounting the future contractual cash flows against the Aegon interest rate, taking into account early repayments by the customer.As a result of this method, the fair value on the transfer date is equal to the nominal value. The market value of the mortgage portfolio is determined on a monthly basis in a corresponding manner.

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

Asset and liabilities
Assets and liabilities are valued at fair value upon initial recognition. Subsequently, assets and liabilities are valued at amortised cost. When no premium, discount or transaction costs apply, the amortised cost equals the nominal value of the asset or liability.

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.

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.

3.4.2 Investments

Movement schedule of investments		
(amounts x € 1,000)	2023	2022
Mortgage receivables		
Opening balance	8,692,557	11,300,017
Issued	775,462	261,543
Repayments	(975,678)	(1,079,827)
Revaluation	(1,989)	(1,789,176)
Closing balance	**8,490,352**	**8,692,557**
Call money		
Opening balance	122,230	195,460
Net amount for transactions in call money	113,223	(73,230)
Closing balance	**235,453**	**122,230**

The distribution of the investment portfolio according to the method of valuation is shown below:

Investments by valuation method		
(amounts x € 1,000)	2023	2022
Derived from quoted market prices	235,453	122,230
Other method	8,490,352	8,692,557
Closing balance	**8,725,805**	**8,814,787**

3.4.3 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 dividend 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
The fund has euro investments only and is therefore not exposed to significant currency risk.

Market risk
The risk that relates to changes in market prices is limited by the spread in mortgage products and regions. The market price is influenced by the limitation in mortgage tradability. The mortgage receivables can only be sold to a party affiliated with Aegon.

Mortageportfolio to product	2023	2022
Product		
Annuity	62.1%	61.8%
Interest-only	30.0%	29.7%
Linear repayment	4.1%	4.4%
Bank savings (“Bankspaar”)	3.2%	3.5%
Savings (“Spaar”)	0.4%	0.4%
Life Insurance	0.2%	0.2%
Total as at 31 december	**100.0%**	**100.0%**

Distribution portfolio by region

Mortgage receivable portfolio by province	2023	2022
Province		
Drenthe	3.5%	3.4%
Flevoland	2.0%	2.0%
Friesland	4.3%	4.2%
Gelderland	14.5%	14.4%
Groningen	3.5%	3.5%
Limburg	7.0%	7.1%
Noord-Brabant	16.3%	16.1%
Noord-Holland	12.0%	12.1%
Overijssel	8.2%	8.1%
Utrecht	8.0%	8.2%
Zeeland	2.7%	2.6%
Zuid-Holland	18.0%	18.3%
Total as at 31 december	**100.0%**	**100.0%**

<u>Interest rate risk</u>

The fund invests in long term fixed income securities and is therefore exposed to significant interest rate risk. The table below categorises the mortgage receivables and call money into fixed interest maturity buckets. In this table no consideration is given to (early) repayment of mortgage receivables.

Remaining fixed rate period 2023

(amounts x € 1,000)	2023					
	Shorter than 1 year	**Between 1 and 5 years**	**Between 5 and 10 years**	**Between 10 and 20 years**	**Longer than 20 years**	**Total**
Mortgage receivables	81,823	184,770	479,610	6,026,763	1,717,386	8,490,352
Call money	235,453	-	-	-	-	235,453
Total	**317,276**	**184,770**	**479,610**	**6,026,763**	**1,717,386**	**8,725,805**

Remaining fixed rate period 2022

(amounts x € 1,000)	2022					
	Shorter than 1 year	**Between 1 and 5 years**	**Between 5 and 10 years**	**Between 10 and 20 years**	**Longer than 20 years**	**Total**
Mortgage receivables	86,630	194,374	307,325	6,302,356	1,801,872	8,692,557
Call money	122,230	-	-	-	-	122,230
Total	**208,860**	**194,374**	**307,325**	**6,302,356**	**1,801,872**	**8,814,787**

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

The fund has limited investments 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 represents the maximum credit risk of the fund is € 8,773,650,000 (2022: € 8,902,095,000).

The fund primarily invests in mortgages for which the collateral consists of privately owned Dutch residential property. The credit risk is therefore initially hedged by the property that serves as collateral for the mortgages provided. In addition, credit risk is hedged by limiting the LTFV (volume of loans in relation to the execution value of the collateral) in the fund mandate and by setting a maximum amount per loan.

A significant amount of the mortgage portfolio is subject to the NHG-arrangement.

Allocation of mortgage receivables portfolio by remaining debt at year-end

	2023	2022
Remaining debt		
Lower than 100.000	8.0%	7.3%
100.000 – 150.000	16.3%	16.0%
150.000 – 200.000	23.6%	24.2%
200.000 – 250.000	19.5%	20.7%
250.000 – 300.000	12.0%	12.4%
300.000 – 350.000	7.3%	7.2%
350.000 – 400.000	5.0%	4.9%
Higher than 400.000	8.3%	7.3%
Total as at 31 December	**100.0%**	**100.0%**

Allocation of mortgage receivables remaining debt in relation to fair value of the underlying property

	2023	2022
Remaining debt		
NHG	47.7%	49.5%
0 through 50%	22.4%	24.9%
50% through 100%	29.9%	25.6%
Total as at 31 December	**100.0%**	**100.0%**

Overdue mortgage receivable payments 2023

(amounts x € 1.000)	Amount overdue	Outstanding nominal	NHG
Outstanding debt			
Not overdue	-	8,460,491	47.6%
Overdue up to 3 months	147	26,651	75.6%
Overdue between 3 and 6 months	47	1,987	78.6%
Overdue for more than 6 months	54	1,223	49.7%
Total as at 31 December	**248**	**8,490,352**	**47.7%**

Overdue mortgage receivable payments 2022			
(amounts x € 1.000)	Amount overdue	Outstanding nominal	NHG
Outstanding debt			
Not overdue	-	8,645,669	49.4%
Overdue up to 3 months	244	42,759	68.9%
Overdue between 3 and 6 months	68	3,260	69.2%
Overdue for more than 6 months	37	869	100.0%
Total as at 31 December	**349**	**8,692,557**	**49.5%**

The total losses on mortgage receivables in 2023 amount to € 1,283 (2022: € 0).

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 investments of the fund cannot be liquidated immediately. The fund is therefore exposed to significant liquidity risk. This liquidity risk is reduced by existing restrictions for withdrawals from the fund. Participants can exit the fund on the first working day of each month.

The redemption of participations will be financed using the cash flows under the Investments or arising from new issues of participations in the fund. Mortgage receivables are illiquid investments that normally cannot be liquidated. Therefore, upon exit from the fund, participants will be dependent on the available cash and the new inflow of (prospective) participants into the fund. As a result of this restricted liquidity, outflow from the fund may take a long time.

If the liquidity of the fund is insufficient to comply with a redemption request (in full), the relevant participations will be 'included' again in the next redemption round according to the same procedure, etc. If and as long as one or several participations are offered to the fund for redemption, the manager will not make any further investments until all these participations have been redeemed.

3.4.4 Other receivables

Other receivables		
(amounts x € 1,000)	2023	2022
Accrued interest	23,999	23,981
Total as at 31 December	**23,999**	**23,981**

3.4.5 Net asset value

Movement schedule net asset value		
(amounts x € 1,000)	2023	2022
Net asset value participants		
Opening balance	8,889,676	11,657,077
Subscriptions	81,136	237,984
Redemptions	(250,275)	(1,219,404)
Dividends	(179,548)	(233,432)
Closing balance	**8,540,989**	**10,442,225**
Net result for the year	**219,551**	**(1,552,549)**
Total net asset value as at 31 December	**8,760,540**	**8,889,676**

Movement schedule of participations	2023	2022
Number of participations as at 1 January	854,988,471	944,784,473
Subscriptions	7,967,637	20,535,505
Redemptions	(24,650,940)	(110,331,507)
Number of participations as at 31 December	**838,305,168**	**854,988,471**

Historical summary	2023	2022	2021
Net asset value (X € 1,000)	8,760,540	8,889,676	11,657,077
Number of participations outstanding (units)	838,305,168	854,988,471	944,784,473
Net asset value per participation in €	10.45	10.40	12.34
Performance (net asset value)	2.55%	(14.00%)	0.87%

3.4.6 Other payables

Other payables (amounts x € 1,000)	2023	2022
Management fee payable	543	407
Service fee payable	52	39
Servicing fee mortgages payable	2,128	2,298
Total as at 31 December	**2,723**	2,744

3.4.7 Profit and loss statement

Income and expense recognition

The profit and loss statement accounts for income and expenses resulting from business operations during the year. Transaction costs for investments and derivatives are directly accounted for in the profit and loss statement.

Interest income and expenses

Interest is accounted for in the period to which it relates. Interest income and expenses are processed on a time proportion basis, considering the effective interest rate of the concerned assets and liabilities.

Revaluation of investments

Changes in fair value of mortgage receivables are generally accounted for as unrealised result because the mortgage receivables are held to maturity, except for the premature repayment of mortgages by the issuer. Since all transactions are in euro, no currency results exist.

Expenses

Expenses are recorded in the period to which they relate.

3.4.8 Indirect result

Changes in fair value of investments (amounts x € 1,000)	2023	2022
Unrealised price- and currency losses mortgage recievables	(1,989)	(1,789,176)
Total as at 31 December	**(1,989)**	**(1,789,176)**

3.4.9 Subscription and redemption fee

The fund does not charge subscription and redemption fees.

3.4.10 Costs and fees

Management fee
The annual management fee amounts to 0.21% per year.

Service fee
The manager charges a service fee to the fund. The service fee serves as a compensation for costs such as custody fees, audit fees, legal and advisory fees, incorporation costs, administration fees and marketing and communication costs. The service fee is determined as a percentage on an annual basis. The service fee is charged to the fund each day based on the net asset value of the fund at the end of the preceding trading day.

The fees for the audit of the annual report, fiscal advice and other non audit related services are paid by the manager from the service fee. These costs cannot be attributed to individual managed funds. Therefore further splitting has been omitted.

The service fee is charged to the fund daily based on the net asset value of the fund at the end of the preceding trading day. The service fee amounts to 0.02% per year of the net asset value.

Mortgage servicing fee
The fund pays Aegon Hypotheken B.V. a fee for services related to the distribution of mortgages and the (special) management of the mortgage portfolio. The mortgage servicing fee amounts to 0.27% per year.

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.

The overview below shows the costs during the year:

OCF		
(amounts x € 1,000)	2023	2022
Average net asset value	8,640,182	9,868,160
Total costs within the fund including fee sharing agreements	45,445	49,651
Total costs	**45,445**	**49,651**
OCF	**0.53%**	**0.50%**

Turnover Ratio (TR)
The Turnover Ratio 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. The Turnover Ratio gives information on the relative amount of transaction costs involved with portfolio management. Active portfolio management means higher transaction costs. A turnover ratio of 200 indicates that purchase- and sales transactions have been executed for twice the amount of the average net asset value on top of the purchase- and sales transactions caused by subscriptions and redemptions of participants. Transaction in call money are not included in the calculation of the TR.

Subscriptions and redemptions of participations are netted on a daily basis to determine the actual in- or outflow on a daily basis. The purpose of this is to better align the in- or outflow with the purchases and sales as a result of transactions with participants. As a result, the amounts may differ from the amounts as stated in the movement schedule of the net asset value and the cash flow statement.

A fund can invest partially or entirely in participations 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 will be disclosed in the Financial Statements of this particular Aegon investment fund.

The Turnover Ratio is calculated as follows:
[(Total 1 – Total 2) / X] * 100
Total 1: the total amount of securities transactions (securities purchases + securities sales).
Total 2: the total amount of transactions (subscriptions + redemptions) of participations of the fund.
X: the average net asset value of the fund (determined in line with the related OCF method)

TR		
(amounts x € 1,000)	2023	2022
Purchases of investments	775,462	261,543
Sales of investments	975,678	1,079,827
Total investment transactions	**1,751,140**	**1,341,370**
Subscriptions	81,136	178,957
Redemptions	250,275	1,016,947
Total movements in participations	**331,411**	**1,195,904**
Average net asset value	8,640,182	9,868,160
TR	**16**	**1**

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 fund uses the services of the fund manager, AIM, and does 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 Ltd.
Aegon Derivatives N.V. and Aegon Ltd. provide the following services for the funds, which are represented by the manager and legal owner:

- Cash management: Aegon Ltd. takes care of daily cash management and manages the funds' total cash pool;
- Currency management: Aegon Ltd. is the counterparty for certain funds that do not have a bank account in foreign currency for currency transactions. All foreign currency settlements and corporate actions of these funds are recorded in the currency accounts of Aegon Ltd. and charged to the euro account of the relevant funds;
- Entering into OTC derivatives: within the framework of Aegon Ltd.'s derivatives policy. long-term OTC derivatives are concluded in the name of Aegon Derivatives N.V. The manager is obliged to check in advance whether the use of the instrument in question is permitted within the framework established by Aegon Ltd. or the policy formulated in the fund's prospectus. The fund effectively has Aegon Derivatives N.V. as counterparty and Aegon Derivatives N.V. has the external parties as counterparties. 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.

a.s.r.
On 4 July 2023, the sale of Aegon Netherlands and the underlying assets by Aegon Group to a.s.r. was finalised. This transaction gives Aegon Group a strategic interest in a.s.r. obtained with associated rights. AIM Netherlands remains part of Aegon Group. AIM partnered with a.s.r. and entered into a long-term asset management agreement for the management of, among others, the illiquid investments of Aegon Nederland and a.s.r., investments of Aegon's premium pension institution Cappital, a.s.r.'s mortgage funds, a.s.r.'s private debt fund and a.s.r.'s renewable energy fund.

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
Agreements have been made in an Investment Management Agreement with Aegon USA Investment Management LLC about managing the American portfolio.

Aegon Hypotheken
Aegon Hypotheken B.V. is part of the sale of Aegon Netherlands to a.s.r. The transaction with a.s.r. has no impact on the contract between the fund and Aegon Hypotheken B.V. The fund pays Aegon Hypotheken B.V. a fee for services related to the distribution of mortgage receivables and the management of the mortgage portfolio. These services consist, among others, of administration of the mortgage portfolio, communication with overdue debtors, provision of payments regarding mortgage receivables loans and providing management reports to the fund.

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 select equity portfolios;
- External asset manager(s) for management of the investment portfolio;
- 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 the fund 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 the fund 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 respect to softdollar arrangements, AIM complies with the DUFAS Fund Governance Principles. 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 profit for the financial year to the fund's participants capital.

3.4.11 Events after balance sheet date

No events occurred after the balance sheet date that require further explanation.

The Hague, 5 April 2024

The investment manager

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

O.A.W.J. van den Heuvel
D.F.R. Jacobovits de Szeged
W.H.M. van de Kraats
T.E.J.F. Stassen

4 Other information

4.1 Dividend Proposal

On 25 January 2024, there was a dividend payment for the 2023 financial year of € 0.26 per participation. The dividend payment is based on the direct result minus the operating expenses for the 2023 financial year. The dividend payment is also based on the average interest rate of the mortgages in 2023 and the average net asset value.

4.2 Management board interests

During 2023, 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.

Independent auditor's report

To: the investment manager of AEAM Dutch Mortgage Fund

Report on the audit of the financial statements 2023

Our opinion

In our opinion, the financial statements of AEAM Dutch Mortgage Fund ('the fund') give a true and fair view of the financial position of the fund as at 31 December 2023, 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 2023 of AEAM Dutch Mortgage Fund, Den Haag included in this annual report.

The financial statements comprise:

- the balance sheet as at 31 December 2023;
- 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.

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.

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Independence

We are independent of AEAM Dutch Mortgage Fund 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).

Information in support of our opinion

We designed our audit procedures with respect to fraud and going concern, and the matters resulting from that, in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in support of our opinion, such as our findings and observations related to the audit approach fraud risk and the audit approach going concern was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Audit approach fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the fund and its environment and the components of the internal control system, including the risk assessment process, management's process for responding to fraud risks and monitoring the internal control system, as well as the outcomes thereof. We refer to section 'Risk management' of the report of the investment manager, in which the investment manager of the fund has included its fraud risk analysis.

We evaluated the design and relevant aspects of the internal control system and in particular the fraud risk assessment, as well as the code of conduct and whistle-blower policy. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls measures designed to mitigate fraud risks.

We asked the board of directors ('the management') of AEGON Investment Management B.V. ('the investment manager') as well as other officials within the investment manager, including internal audit, legal and compliance, as to whether they are aware of any factual, alleged or suspected fraud. This resulted in no indications of actual, alleged or suspected fraud that may lead to a material misstatement. In addition, we conducted interviews to understand the investment manager's fraud risk assessment and the processes for identifying and responding to the fraud risks and the internal controls that management has put in place to mitigate these risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

As described in the auditing standards, management override of controls and the risk of fraud in revenue recognition are presumed risks of fraud. Management of the fund inherently is in a unique position to commit fraud because of the management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We addressed this risk by evaluating whether there was evidence of bias in management's estimates that may represent a risk of material misstatement due to fraud.

With regard to the mortgage loans valued at fair value, we carried out an independent valuation with the support of our valuation specialists, which we then compared with the valuation as drawn up by management. We have determined that the fair value of the mortgage loans is within the range that we consider acceptable. On this basis, we determined that there are no indications of bias in the estimates made by management.

Control procedures include evaluating the design and implementation of controls designed to mitigate fraud risks (such as processing and reviewing journal entries) and procedures for unexpected journal entries with the use of data analysis. With respect to the risk of fraud in revenue recognition, based on our risk analysis, we have concluded that this risk is related to revenue recognition in areas that are more complex, non-systematic or manual in nature. For the fund, this concerns the accuracy of the unrealised results of the investments because these are directly related to the valuation of the mortgage loans.

We have tested the unrealised results of investments through our work on the valuation of mortgage loans as at 31 December 2023. In addition, we performed a recalculation to determine that all unrealised value changes have been correctly accounted for.

We have not identified any significant transactions outside the normal course of business. We also incorporated an element of unpredictability in our audit. We have also taken notice of correspondence with regulators and have remained alert to indications of fraud during the audit. We also considered the outcome of other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance of laws and regulations. Whenever we identify any indications of fraud, we re-evaluate our fraud risk assessment and its impact on our audit procedures

Audit approach going concern

The fund invests in Dutch mortgage loans where the collateral are Dutch residential homes. As of 31 December 2023, the fund has no material external financing. As of 31 December 2023, the fund mainly holds illiquid investments in Dutch mortgage loans, which means there is a chance of liquidity risks in the event of a possible disruption in the financial markets.

The investment manager prepared the financial statements on the assumption that the entity is a going concern and that it will continue all its operations for at least twelve months from the date of preparation of the financial statements, as disclosed in the paragraph 'Continuity' in the disclosures.

Our procedures to evaluate investment manager's going-concern assessment included, amongst others:

- considering whether the investment manager's going-concern assessment contains all relevant information of which we are aware as a result of our audit, obtaining additional evidence and questioning the investment manager about key assumptions and principles;
- analysing the issue of participations after the end of the financial year and assessing whether these may indicate continuity risks;
- taking note of the prospectus with the described possibility of the investment manager to temporarily suspend or limit applications for the redemption or subscription of shares in exceptional cases;
- obtaining information from the investment manager about its knowledge of continuity risks after the period of the continuity assessment performed by the investment manager.

Our audit procedures have not revealed any information that conflicts with the investment manager's assumptions and assumptions about the going-concern assumption used.

Report on the other information included in the annual report

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; and
- contains all the information regarding the report of the 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.

Responsibilities for the financial statements and the audit

Responsibilities of the investment manager for the financial statements

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 management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the investment manager is responsible for assessing the fund's 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 fund 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 fund's 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, and is not a guarantee that an audit conducted in accordance with the Dutch Standards on Auditing will always detect a material misstatement when it exists.

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.

Amsterdam, 5 April 2024
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 2023 of AEAM Dutch Mortgage Fund

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 fund's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 fund's 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 fund 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.

Periodic sustainability disclosure AEAM Dutch Mortgage Fund

Template periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: AeAM Dutch Mortgage Fund **Legal entity identifier:** 5493009ZIRT0TOO3ZP50

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It made **sustainable investments with an environmental objective:** ___%	☒ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of 14,70% of sustainable investments.
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☒ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It made **sustainable investments with a social objective:** ___%	☐ It promoted E/S characteristics, but **did not make any sustainable investments**

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

To what extent were the environmental and/or social characteristics promoted by this financial product met?

The Investment Manager checks if the originator actively offers sustainability loans for every borrower and favourable financing conditions for homes with superior energy performance. Therefore, the sustainability indicators used to measure the attainment of the ESG characteristics this strategy promotes is the number of sustainability loans and the numbre of mortgages with favourable financing conditions. In the first half year of 2023 for this fund 300 new sustainability loans were originated and the amount of mortgages with favourable financing conditions grew with 13 since the end of 2022.

- ***How did the sustainability indicators perform?***[1]

  N/A

- ***…and compared to previous periods?***

  N/A

- ***What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?***

  N/A

[1] Below results are based on quarter end positions

How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?

N/A

How were the indicators for adverse impacts on sustainability factors taken into account?

N/A

Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

N/A

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

How did this financial product consider principal adverse impacts on sustainability factors?

The Investment Manager considers one principal adverse impact indicator: The degree of energy inefficiency of the financed properties. By ensuring that the Investment Manager solely selects mortgage originators that offer favourable financing conditions for homes with superior energy performance, this financial product effectively takes into account the energy efficiency of the real estate assets being financed. More information on how PAIs were considered during a specific reporting period can be found in the SFDR periodic disclosure.

PAI metrics:[2]

Adverse sustainability indicator		Metric	Impact 2023
Climate and other environment-related indicators			
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions (tCO2eq)	-
		Scope 2 GHG emissions (tCO2eq)	-
		Scope 3 GHG emissions (tCO2eq)	-
		Total GHG emissions (tCO2eq)	-
	2. Carbon footprint	Carbon footprint (tCO2eq/EURm)	-
	3. GHG intensity of investee companies	GHG intensity of investee companies (tCO2eq/EURm)	-
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	-
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage	-
		Share of non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage	-
	6. Energy consumption intensity per high impact climate sector	Agriculture, Forestry & Fishing (GWh/EURm)	-
		Construction (GWh/EURm)	-
		Electricity, Gas, Steam and Air Conditioning Supply (GWh/EURm)	-
		Manufacturing (GWh/EURm)	-

[2] PAI's are an average of four quarters and are excluding derivatives

		Mining & Quarrying (GWh/EURm)	-
		Real Estate Activities (GWh/EURm)	-
		Transportation & Storage (GWh/EURm)	-
		Water Supply, Sewerage, Waste Management & Remediation (GWh/EURm)	-
		Wholesale & Retail Trade & Repair of Motor Vehicles & Motorcycles (GWh/EURm)	-
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity sensitive areas where activities of those investee companies negatively affect those areas	-
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	-
Waste	9. Hazardous waste ratio	Tonnes of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average	-

Social and employee, respect for human rights, anti-corruption and anti-bribery matters

	10. Violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	-
	11. Lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complains handling mechanisms to address violations	-
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	-
	13. Board gender diversity	Average ratio of female to male board members in investee companies	-

	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	-

Indicators applicable to investments in sovereigns and supranational

Adverse sustainability indicator		Metric	Impact 2023
Environmental	15.GHG intensity	GHG intensity of investee countries (KtonCO2eq/EURm)	-
Social	16.Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	-

Indicators applicable to investments in real estate assets

Adverse sustainability indicator		Metric	Impact 2023
Fossil fuels	17.Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transportation or manufacture of fossil fuels	-
Energy efficiency	18.Exposure to energy- inefficient real estate assets	Share of investments in energy-inefficient real estate assets	58.5% (100%)

Other Corporate indicators for principal adverse impact

Adverse sustainability indicator		Metric	Impact 2023
Greenhouse gas emissions	2.4 Investing in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	-
Human rights	3.9 Lack of a Human Rights Policy	Share of investments in companies without a human rights policy	-

Other Sovereign indicators for principal adverse impact

Adverse sustainability indicator		Metric	Impact 2023
	Share of bonds not issued under Union legislation on environmentally sustainable bonds	Share of bonds not issued under Union legislation on environmentally sustainable bonds	-
	Average income inequality score	Average income inequality score	-

What were the top investments of this financial product?

Largest investment	Sector	% Assets	Country
AEGON Hypotheken BV	Mortgages	100.00%	Netherlands

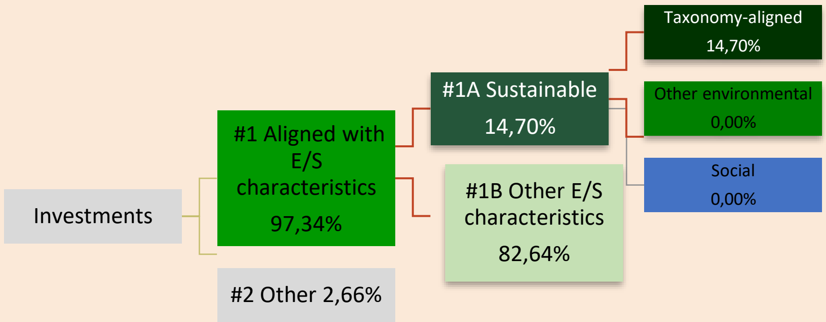
The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: **2023**

The top 15 holdings are composed on the basis of direct holdings in issuers and underlying investments of funds where information was available. The % is calculated based on the market value mid-dirty.

What was the proportion of sustainability-related investments?

Asset allocation describes the share of investments in specific assets.

What was the asset allocation[3]?



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:
- The sub-category **#1A Sustainable** covers environmentally and socially sustainable investments.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

[3] Please note that the percentage of investments displayed under '#1A sustainable' may be **lower** than the sum of its parts shown in "Taxonomy-aligned" , "Other environmental" and "Social". This is due to the complexity in identifying overlaps between investments deemed sustainable by Aegon AM's proprietary sustainable investment definition and the investments identified by our external data provider as 'Taxonomy-aligned', resulting in possible double counting. Additionally, EU Taxonomy Aligned investments will align with the Other E/S characteristics (1B) but are only included in 1A above to avoid double counting.

In which economic sectors were the investments made?

Sector	**Assets%**
Mortgages	97.34%

Note: The sector allocation may not add up to 100% as there may be investments that cannot be allocated to a sector (e.g. cash, derivatives).

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies.
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.

To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

The percentage of sustainable investments with an environmental objective aligned with the EU Taxonomy made by this product is 14.7% of the invested mortgage receivebles. To reach this conclusion, the Fund Manager has reviewed the current holdings based on reported Taxonomy alignment from the data provider.

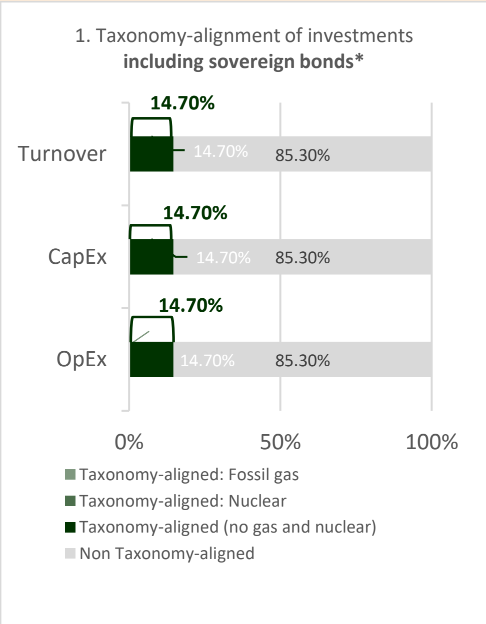
Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy[4]?

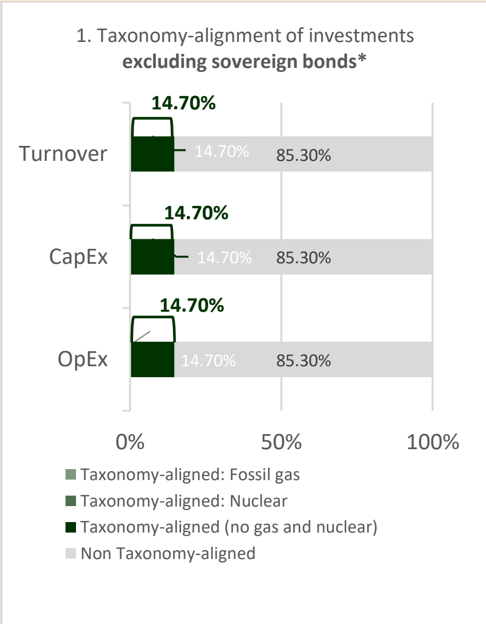
☐ Yes: *see details in the graphs of the box*

☐ In fossil gas ☐ In nuclear energy

☒ No

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.





* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

[4] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

- ***What was the share of investments made in transitional and enabling activities?***

Financial metrics	Activity type	Share of investments %
Turnover	Transition	0,00%
Turnover	Enabling	0,00%
CapEx	Transition	0,00%
CapEx	Enabling	0,00%
OpEx	Transition	0,00%
OpEx	Enabling	0,00%

- ***How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?***

No data are available for prior year. Therefore no comparison is possible.

What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

N/A

What was the share of socially sustainable investments?

N/A

What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?

Manager hasinvested in other investments for the purpose of efficient portfolio management, for example, derivatives, cash and cash equivalents. These other investments are not subject to the Fund's environmental or social criteria.

What actions have been taken to meet the environmental and/or social characteristics during the reference period?

The Fund will invest predominantly in mortgage receivables as described in the Fund's investment policy. The strategy is implemented using an investment process as outlined in the fund supplement. In addition, the strategy is implemented in the investment process by evaluating the originators at least semi-annually in line with service-level agreements. The Investment Manager also receives semi-annual ESG reports based on quarterly data from the originator which includes the disclosure and tracking of relevant environmental characteristics.

How did this financial product perform compared to the reference benchmark?

- ***How does the reference benchmark differ from a broad market index?***

N/A

- ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?***

N/A

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- ***How did this financial product perform compared with the reference benchmark?***

N/A

- ***How did this financial product perform compared with the broad market index?***

N/A