

Aegon Asset Management UK ICVC (Formerly Kames Capital ICVC)

Annual Report and Financial Statements for the year ended 31
July 2020

Aegon Asset Management UK ICVC

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Aegon Asset Management UK ICVC

Company Information

Authorised Corporate Director (ACD) and Investment Manager

Aegon Asset Management UK plc ^{1, 2, 3}
3 Lochside Crescent
Edinburgh
EH12 9SA

Directors of the ACD

Arnab Banerji (independent non-executive director)
Jane Daniel ⁵
Martin Davis ⁶
Stephen Jones
Mary Kerrigan (independent non-executive director) ⁷
Bas NiuweWeme (non-executive director) ⁸
Sarah Russell (non-executive director) ⁹
David Watson (independent non-executive director)

Secretary of the ACD

Gordon Syme ¹⁰
Alison Talbot ¹¹

Research Provider

EIRIS Services Limited ¹²
8th Floor
The Tower Building
11 York Road
London
SE1 7NX

Depository

Citibank Europe plc, UK Branch ⁴
Citigroup Centre
Canada Square
Canary Wharf
London
E14 5LB

Custodian

Citibank N.A. London Branch ²
Citigroup Centre
Canada Square
Canary Wharf
London
E14 5LB

Independent Auditor

PricewaterhouseCoopers LLP
Atria One
144 Morrison Street
Edinburgh
EH3 8EX

Registrar

Northern Trust Global Services SE UK Branch ^{2, 13}
50 Bank Street
London
E14 5NT

¹ Aegon Asset Management is undertaking a rebranding exercise to align all of its brands, including Kames Capital, and during 2020 a new governance structure will be put in place, together with a rebranding expected to take place in September 2020.

² Authorised and regulated by the Financial Conduct Authority.

³ ACD changed from Kames Capital plc to Aegon Asset Management UK plc on 4 September 2020.

⁴ Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

⁵ Arnab Banerji resigned as a Director of Aegon Asset Management UK plc on 25 September 2020.

⁶ Jane Daniel was appointed as a Director of Aegon Asset Management UK plc on 12 December 2019.

⁷ Martin Davis resigned as a Director of Aegon Asset Management UK plc on 23 September 2019.

⁸ Mary Kerrigan was appointed as a Director of Aegon Asset Management UK plc on 24 September 2020.

⁹ Bas NiuweWeme was appointed as a Director of Aegon Asset Management UK plc on 6 March 2020.

¹⁰ Sarah Russell resigned as a Director of Aegon Asset Management UK plc on 26 September 2019.

¹¹ Gordon Syme was appointed as the Secretary of Aegon Asset Management UK plc on 17 January 2020.

¹² Alison Talbot resigned as a Secretary of Aegon Asset Management UK plc on 23 December 2019.

¹³ EIRIS Services Limited provides research on investments for the Aegon Ethical Corporate Bond Fund, the Aegon Ethical Cautious Managed Fund and the Aegon Ethical Equity Fund.

¹⁴ With effect from 8 October 2018 the appointed Transfer Agent and Registrar for the Aegon Asset Management UK ICVC changed legal name from Northern Trust Global Services plc to Northern Trust Global Services SE UK Branch.

Aegon Asset Management UK ICVC

Report of the Authorised Corporate Director

The Company

Aegon Asset Management UK ICVC (formerly Kames Capital ICVC) ("the Company") is an Open-Ended Investment Company (OEIC) with variable capital, incorporated in Scotland on 27 April 1999. It is governed by the OEIC Regulations, the Collective Investment Schemes sourcebook (COLL) and its Instrument of Incorporation. The registered number of the Company is SI000009.

The Company is authorised by the Financial Conduct Authority (FCA) as complying with the conditions necessary for it to enjoy rights conferred by the EU Directive on Undertakings for Collective Investment in Transferable Securities (UCITS).

The shareholders have no interest in the Scheme Property, and are not liable for the debts of the Company.

The Company is an umbrella company with 15 sub-funds trading as at 31 July 2020. The number of sub-funds may be increased or decreased in the future.

Authorised Status

Aegon Asset Management UK ICVC is a Company with variable capital under regulation 12 (Authorisation) of the OEIC regulations 2001, incorporated in Scotland, a UCITS scheme and authorised by the FCA on 14 April 1999.

The Financial Statements

The ACD is pleased to present the annual financial statements for the year ended 31 July 2020.

As required by the OEIC Regulations, information for each of the sub-funds has been included in these financial statements. For each sub-fund a detailed description of the strategy that was adopted during the year under review has been provided. A summary of global market trends covering the year ended 31 July 2020 can be found within the market review on page xx.

Sub-fund cross holdings

At the year end none of the shares in the sub-funds of the Company were held by any of the sub-funds of the Company.

Changes to the Prospectus

On 7 August 2019, the following changes were made to the Prospectus:

1. There were a number of amendments in relation to sub-fund Benchmarks and sub-fund Objectives made as a result of the FCA's Asset Management Market Study and final recommendations issued on 4 February 2019. All updates are provided within the Aegon Asset Management UK ICVC Prospectus which is available on our website at www.aegonam.com.
2. Amendments to the instrument of incorporation of the Scheme to reflect:
 - a) Changes to the wording of the clause entitled "investment in government and public securities" as set out in the draft instrument of incorporation provided to the Financial Conduct Authority on 20 June 2019; and
 - b) That all sub-funds of the Scheme may invest in a maximum of 10% in other collective investment schemes.
3. Amendment to the information on capital gains tax allowances and rates.
4. A statement to confirm clarification that the Northern Trust entity (TA) is the UK Branch.
5. Various updates to the performance figures – including comparisons against the new Target and Comparator Benchmarks.

On 7 September 2019, the following changes were made to the Prospectus:

1. Amendments to the instrument of incorporation and prospectus of the Scheme to reflect that the ACD may compulsorily convert shares to another class of shares in the same sub-fund where to do so is considered by the ACD to be in the best interests of shareholders.
2. Amendments to the prospectus of the Scheme to reflect the approved changes to the investment policies of: Aegon Diversified Monthly Income Fund; Aegon Ethical Cautious Managed Fund; and Aegon Ethical Equity Fund (being those changes which were subject to 60 days' notice).

On 3 February 2020, the D share classes across the Aegon Asset Management UK ICVC were closed following a mandatory conversion of all shareholders into the existing B share class.

ACD Fee changes

- On 1 January 2020, the Aegon Sterling Corporate Bond Fund B Share Classes were lowered from 0.50% to 0.35%.
- On 1 January 2020, the Aegon Sterling Corporate Bond Fund S Share Classes were lowered from 0.35% to 0.25%.
- On 1 January 2020, the Aegon Strategic Bond Fund B Share Classes were lowered from 0.75% to 0.55%.
- On 1 January 2020, the Aegon Strategic Bond Fund S Share Classes were lowered from 0.50% to 0.45%.
- On 1 January 2020, the Aegon High Yield Bond Fund B Share Classes were lowered from 0.75% to 0.55%.
- On 1 January 2020, the Aegon High Yield Bond Fund S Share Classes were lowered from 0.50% to 0.45%.
- On 1 January 2020, the Aegon Investment Grade Bond Fund B Share Classes were lowered from 0.75% to 0.50%.
- On 1 January 2020, the Aegon Investment Grade Bond Fund S Share Classes were lowered from 0.50% to 0.40%.
- On 1 January 2020, the Aegon Ethical Corporate Bond Fund B Share Classes were lowered from 0.50% to 0.45%.

Value Statement

The first value statement for the Aegon Asset Management UK ICVC is available as part of a stand-alone composite report on our website <https://www.aegonam.com/en/uk-value-assessment/>.

Aegon Asset Management UK ICVC

Report of the Authorised Corporate Director (continued)

Significant Events

Effective from 4 September 2020 the ACD was renamed:

Effective to 4 September 2020

Kames Capital plc

Effective from 4 September 2020

Aegon Asset Management UK plc

Effective from 7 September 2020 the Company and its sub-funds were renamed, as follows:

Effective to 7 September 2020

Kames Capital ICVC
Kames Sterling Corporate Bond Fund
Kames UK Equity Fund
Kames UK Equity Income Fund
Kames UK Equity Absolute Return Fund
Kames UK Smaller Companies Fund
Kames UK Opportunities Fund
Kames Strategic Bond Fund
Kames Global Equity Fund
Kames High Yield Bond Fund
Kames Investment Grade Bond Fund
Kames Ethical Corporate Bond Fund
Kames Ethical Equity Fund
Kames Ethical Cautious Managed Fund
Kames Diversified Growth Fund
Kames Diversified Monthly Income Fund

Effective from 7 September 2020

Aegon Asset Management UK ICVC
Aegon Sterling Corporate Bond Fund
Aegon UK Equity Fund
Aegon UK Equity Income Fund
Aegon UK Equity Absolute Return Fund
Aegon UK Smaller Companies Fund
Aegon UK Opportunities Fund
Aegon Strategic Bond Fund
Aegon Global Equity Fund
Aegon High Yield Bond Fund
Aegon Investment Grade Bond Fund
Aegon Ethical Corporate Bond Fund
Aegon Ethical Equity Fund
Aegon Ethical Cautious Managed Fund
Aegon Diversified Growth Fund
Aegon Diversified Monthly Income Fund

Investment Approach

Aegon Asset Management UK plc (the ACD) combines the role of fund manager and analyst. No one in the investment team makes decisions in isolation; therefore all sector and stock ratings are challenged and debated as a group. Each analyst is also responsible for managing portfolios, but ultimately the team is responsible for the performance of all sub-funds. This approach ensures that the focus is on overall performance, and not simply that of an individual sector.

The team's detailed analysis of economies, industries and companies enables the fund managers to make independent, informed decisions. By conducting thorough fundamental analysis backed by sophisticated quantitative tools, the team can identify companies whose prospects are not reflected in their current share price.

The ACD is committed to maintaining a highly professional investment team. The ACD avoids over-reliance on individuals, and promotes the development and strengthening of specialist teams. This leads to co-operation between team members, encouraging them to share their best ideas, and this ensures that investors benefit in the form of consistent returns.

The fund management team aims to add value by adopting a detailed and rigorous approach to investment research, in particular by developing local market expertise. In addition, team members are able to draw on the investment expertise of other AEGON Group units outside the UK.

Aegon Asset Management UK ICVC

Report of the Authorised Corporate Director (continued)

Synthetic Risk and Reward Indicator

	1	2	3	4	5	6	7	
	Lower risk/ potentially lower rewards				Higher risk/potentially higher rewards			
Sterling Corporate Bond Fund			X					
UK Equity Fund ¹						X		
UK Equity Income Fund ²						X		
UK Equity Absolute Return Fund			X					
UK Smaller Companies Fund ³						X		
UK Opportunities Fund ⁴						X		
Strategic Bond Fund ⁵				X				
Global Equity Fund ⁶						X		
High Yield Bond Fund ⁷				X				
Investment Grade Bond Fund ⁸				X				
Ethical Corporate Bond Fund			X					
Ethical Equity Fund ⁹						X		
Ethical Cautious Managed Fund				X				
Diversified Growth Fund				X				
Diversified Monthly Income Fund ¹⁰					X			

The Synthetic Risk and Reward Indicator (SRRI) shows the risk of investing in a sub-fund, based on the rate at which its value has changed in the past. The sub-fund's category is not guaranteed and may change over time. It is calculated using historical data, which may not be a reliable indication for the future. Category 1 does not mean 'risk free'. Full details of risks are disclosed in the section 'Risk Factors' in the Prospectus. For more information on the sub-funds risk and reward profiles please refer to the Key Investor Information Document (KIID) for the relevant share class. These are available from www.aegonam.com or by contacting us. All share classes of each sub-fund produce the same risk rating.

¹On 20/03/2020 the SRRI rating on UK Equity Fund has changed as the realised volatility of returns on the sub-fund has increased throughout the year.
²On 10/04/2020 the SRRI rating on UK Equity Income Fund has changed as the realised volatility of returns on the sub-fund has increased throughout the year.
³On 20/03/2020 the SRRI rating on UK Smaller Companies Fund has changed as the realised volatility of returns on the sub-fund has increased throughout the year.
⁴On 20/03/2020 the SRRI rating on UK Opportunities Fund has changed as the realised volatility of returns on the sub-fund has increased throughout the year.
⁵On 20/03/2020 the SRRI rating on Strategic Bond Fund has changed as the realised volatility of returns on the sub-fund has increased throughout the year.
⁶On 13/03/2020 the SRRI rating on Global Equity Fund has changed as the realised volatility of returns on the sub-fund has increased throughout the year.
⁷On 13/03/2020 the SRRI rating on High Yield Bond Fund has changed as the realised volatility of returns on the sub-fund has increased throughout the year.
⁸On 27/03/2020 the SRRI rating on Investment Grade Bond Fund has changed as the realised volatility of returns on the sub-fund has increased throughout the year.
⁹On 20/03/2020 the SRRI rating on Ethical Equity Fund has changed as the realised volatility of returns on the sub-fund has increased throughout the year.
¹⁰On 10/07/2020 the SRRI rating on Diversified Monthly Income Fund has changed as the realised volatility of returns on the sub-fund has increased throughout the year.

Aegon Asset Management UK ICVC

Market Review for the year ended 31 July 2020

Over the year equity markets experienced a rollercoaster ride with volatility spiking to unprecedented levels. The backdrop was relatively positive initially as encouraging economic data, coupled with low interest rates, boosted markets. However, the onset of the Covid-19 pandemic in the first quarter of 2020 led to an incredibly sharp sell-off in markets as economies were forced into lockdown. The subsequent efforts of both governments and central banks to support economies settled investor nerves to an extent and allowed markets to rally significantly up to the year-end.

The year began with political instability to the fore in the shape of the US/China trade war and the ongoing saga of Brexit. However, better-than-expected economic data, particularly in the US, and signals from a number of central banks that interest rates would remain low, provided some support to markets. The backdrop, therefore, improved somewhat towards the end of 2019 as investors welcomed both the phase-one trade agreement between the US and China and the UK Conservative Party's emphatic election victory, which reduced the level of Brexit uncertainty. This support helped not only equities but also bond markets, with corporate debt outperforming its government counterpart.

As we moved into 2020, however, the environment became more challenging due mainly to the coronavirus outbreak in China, which rapidly turned into a global pandemic that forced economies into lockdown. The magnitude of the subsequent sell-off in markets was such that almost all assets were impacted.

Sector moves were broadly self-explanatory with the economically-sensitive areas of energy, materials and industrials lagging. Financials also came under pressure, given further aggressive interest rate cuts and huge central bank stimulation to combat the significant economic impact of the disease. The sharp fall in the oil price added to the turbulence. Traditional defensive areas of healthcare, consumer staples and utilities outperformed strongly as did the 'new defensive' technology sector.

All changed in mid-March, however, when Central Banks (as they have done so often in the past) stepped in to support markets. And on this occasion they were joined by governments, which announced unprecedented fiscal stimulus. Even by the standards of 2008, the level of support offered in March was unprecedented and eye-watering in its magnitude.

Interest rates were cut dramatically almost everywhere. By mid-March the US Fed cut base rates to near zero (a range of 0 to 0.25%), while the Bank of England cut rates twice in a matter of weeks (bringing the rate down to an all-time low of 0.1%) and announced its intention to issue £3 billion of gilts per day across every maturity bucket. As in 2008, an array of anagrams followed, including the ECB's PEPP (Pandemic Emergency Purchase Programme). The ECB relaxed its bond buying rules, giving it the ability to buy short-dated debt to prevent market dislocation in the Eurozone (in Italy in particular). Meanwhile the US Fed launched its own 'unlimited' quantitative easing plan. Its purchases were to include investment grade bonds and asset-backed securities (student, car and credit card loans).

The decisive, comprehensive and impactful reactions from central banks and governments had a highly impressive effect. Investors abruptly began to look though the devastating shutdown of activity towards an easing of restrictions and therefore the ability for economies to swiftly get back to work. Markets – both equities and bonds – subsequently rallied up to the end of the year.

Brexit update

At the time of writing, the UK has left the EU and we are in a transitional period, maintaining single market access, rights and obligations, until the end of the year. With both parties clearly far from agreement on any future trade deal, and with a commitment from the UK Government that the transitional period will not be extended, we approach the end of 2020 with the prospect of a 'hard' Brexit (i.e. one in which the transitional period ends without a deal) more likely than ever.

With this outcome in mind, I wanted to reassure you that Aegon Asset Management is fully prepared for the end of the Brexit transition, whether that ends with or without a deal.

Please refer to our website at www.aegonam.com which will provide you with information on Brexit and Covid-19 pandemic when it becomes available.

Thank you for continuing to invest with Aegon Asset Management.

Impact of COVID-19

An outbreak of infectious respiratory illness caused by a novel coronavirus known as COVID-19 was first detected in China in December 2019 and has now been declared a pandemic by the World Health Organization. The impact of the Coronavirus could be highly disruptive to economies and markets, adversely impacting individual companies, sectors, industries, markets, currencies, interest and inflation rates, credit ratings, investor sentiment, and other factors affecting the value of a sub-fund's investments. This may impact liquidity in the marketplace, which in turn may affect the sub-funds' ability to meet redemption requests. Public health crisis caused by the Coronavirus pandemic may exacerbate other pre-existing political, social and economic risks in certain countries or globally. The duration of the Coronavirus pandemic and its effects cannot be determined with certainty, and could prevent a sub-fund from executing advantageous investment decisions in a timely manner and negatively impact a sub-funds' ability to achieve its investment objective.

Aegon Asset Management UK ICVC

Statement of the Authorised Corporate Director's Responsibilities

The Rules of the Financial Conduct Authority's Collective Investment Schemes Sourcebook require the ACD to prepare financial statements for each annual accounting year which give a true and fair view of the financial affairs of the company and of its net revenue/(expenses) and the net capital gains/(losses) for the year.

In preparing the financial statements the ACD is required to:

- comply with the Prospectus and applicable accounting standards, subject to any material departures which are required to be disclosed and explained in the financial statements;
- comply with UK accounting standards, including FRS 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland and the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Management Association (now known as The Investment Association) in May 2014 and amended in June 2017;
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements of the Company and its sub-funds on the going concern basis unless it either intends to wind up or terminate the Company or its sub-funds, or has no realistic alternative but to do so; and
- take reasonable steps for the prevention and detection of fraud, error and non-compliance with law or regulations.

The ACD is required to keep proper accounting records and to manage the Company in accordance with the Regulations and the Instrument of Incorporation.

The report has been prepared in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook and in accordance with the Instrument of Incorporation and the Prospectus.

Aegon Asset Management UK ICVC

Certification of the Annual Report and Financial Statements by the ACD

In accordance with the requirements of the Financial Conduct Authority's Collective Investment Schemes sourcebook, we hereby certify the report on behalf of the Board of Aegon Asset Management UK plc.



Stephen Jones
Edinburgh
25 November 2020

Aegon Asset Management UK ICVC

Depository's Report

Statement of the Depository's Responsibilities in Respect of the Scheme and Report of the Depository to the Shareholders of Aegon Asset Management UK ICVC (the "Company") for the Period ended 31 July 2020.

The Depository is responsible for the safekeeping of all the property of the Company which is entrusted to it and ensuring proper registration of tangible moveable property, and for the collection of income arising from all such scheme property.

It is the duty of the Depository to take reasonable care to ensure that the Company is managed and operated by the Authorised Corporate Director in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook ("the Sourcebook"), the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) ("the OEIC Regulations"), the Company's Instrument of Incorporation, and the Prospectus, as appropriate, concerning: the pricing of and dealing in Shares in the Company; the application of income of the Company; and the investment portfolio and borrowing activities of the Company.

Having carried out procedures and enquiries considered duly necessary to discharge our responsibilities as Depository of the Company, based on information and explanations provided to us, we believe that, in all material respects, the Company, acting through the Authorised Corporate Director:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's income in accordance with the Sourcebook, and where applicable, the OEIC regulations, the Company's Instrument of Incorporation, and the Prospectus;
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company; and
- (iii) has, otherwise, ensured the proper operation of the Company.

Citibank Europe plc, UK Branch
London

25 November 2020

Aegon Asset Management UK ICVC

Independent auditors' report to the Shareholders of Aegon Asset Management UK ICVC

Report on the audit of the financial statements

Opinion

In our opinion, the financial statements of Aegon Asset Management UK ICVC (the "Company"):

- give a true and fair view of the financial position of the Company and each of the sub-funds as at 31 July 2020 and of the net revenue/expenses and the net capital gains/losses on the scheme property of the Company and each of the sub-funds for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Instrument of Incorporation.

Aegon Asset Management UK ICVC is an Open Ended Investment Company ('OEIC') with 15 sub-funds. The financial statements of the Company comprise the financial statements of each of the sub-funds. We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheets as at 31 July 2020; the Statements of Total Return and the Statements of Changes in Net Assets Attributable to Shareholders for the year then ended; the Distribution Tables; the Accounting Policies; and the Notes to the Financial Statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the Authorised Corporate Director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Authorised Corporate Director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's or any of the sub-funds' ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's or any of the sub-funds' ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Authorised Corporate Director is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Authorised Corporate Director's Report

In our opinion, the information given in the Authorised Corporate Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Aegon Asset Management UK ICVC

Independent auditors' report to the Shareholders of Aegon Asset Management UK ICVC (continued)

Responsibilities for the financial statements and the audit

Responsibilities of the Authorised Corporate Director for the financial statements

As explained more fully in the Statement of the Authorised Corporate Director's Responsibilities set out on page 7, the Authorised Corporate Director is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Authorised Corporate Director is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Authorised Corporate Director is responsible for assessing the company's and each of the sub-funds ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Authorised Corporate Director either intends to wind up or terminate the company or individual sub-fund, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's shareholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook as required by paragraph 67(2) of the Open-Ended Investment Companies Regulations 2001 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Opinion on matter required by the Collective Investment Schemes sourcebook

In our opinion, we have obtained all the information and explanations we consider necessary for the purposes of the audit.

Collective Investment Schemes sourcebook exception reporting

Under the Collective Investment Schemes sourcebook we are also required to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.



PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh

25 November 2020

Aegon Asset Management UK ICVC

Accounting Policies

1 Accounting Policies

a) Basis of preparation

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Management Association in May 2014 (SORP 2014), in compliance with the Instruments of Incorporation, the Prospectus, the FCA's COLL, and in accordance with United Kingdom Generally Accepted Accounting Practice as defined within FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Effective from 7 September 2020 the ACD, the Company and its sub-funds were renamed. Please see pages xx and xx for details.

The base currency of the Company and sub-funds is Sterling.

All of the sub-funds continue to adopt the going concern basis in preparing the financial statements.

b) Investments

The quoted investments have been valued at fair value, which are the bid market prices at close of business on the last business day of the accounting year excluding accrued interest, which is 31 July 2020. These bid prices are sourced from independent pricing sources. Any unquoted or suspended securities have been valued at a price which in the opinion of the ACD represents the likely realisable value of the security.

Contracts for Difference (CFDs) are valued at their fair value on the last business day of the accounting year excluding accrued interest which is recognised in the Debtors and Creditors notes. For long position held this is based on the quoted bid price of the underlying security or index and for short positions held the quoted offer price of the underlying security or index.

The unrealised asset or liability position of each forward foreign exchange contract held at the year-end is determined with reference to the spot currency and the expected interest rate return over the currency contract to the settlement date.

The fair value of over the counter derivatives is determined using valuation pricing models, which take into account relevant market inputs as well as time values, liquidity and volatility factors underlying the positions.

For further details of over the counter derivatives please see page xx.

c) Revenue

Dividends on equity investments are recognised gross of withholding tax when the security is quoted ex-dividend. Dividend equivalent values on long CFDs are recognised when the securities are quoted ex-dividend. Ordinary stock dividends are recognised wholly as revenue and are based on the market value of the shares on the date they are quoted ex dividend. Where an enhancement is offered, the amount by which the market value exceeds the cash dividend on the ex-dividend date is taken to capital.

All dividends and interest from underlying funds declared ex-dividend during the year ended 31 July 2020 are included in revenue. Any reported revenue from an offshore fund in excess of any distributions is recognised as revenue after the end of the reporting period, not later than the date when the reporting fund makes this information available.

Property income distributions ("PID") accrued in the year from UK Real Estate Investment Trusts ("REITs") is disclosed in the Revenue note under Property income from REITs. Any non-PID income accrued is disclosed in the Revenue note within UK dividends.

Dividends from US REITs are initially recognised as 70% revenue and 30% capital when the security goes ex-dividend. US REIT companies issue information on the revenue/capital split of these dividends on an annual basis based on the calendar year. When this information is received, the relevant portion is then reallocated to capital.

Interest on debt securities is recognised on an effective yield basis, which takes account of the amortisation of any discounts or premiums arising on the purchase price, compared to the final maturity value, over the remaining life of the security. An adjustment is made to revenue to reflect the impact of interest which is included in the transaction price of bonds purchased and sold. Bank interest and interest on short term deposits are recognised on an accruals basis.

Special dividends are examined on a case by case basis to determine whether they should be treated as capital or revenue. Amounts recognised as revenue will form part of the sub-funds distributions. Any tax treatment thereon will follow the accounting treatment of the principal amount.

Information relating to revenue recognition on Derivative contracts can be found in section j of the Accounting policies.

d) Exchange rates

Overseas securities and assets and liabilities in currency other than sterling have been translated at the rate of exchange at close of business on the last business day of the accounting year. Transactions denominated in foreign currencies have been translated into sterling at the rates of exchange ruling at the time of the transaction.

e) Expenses

All expenses relating to the purchase and sale of investments are deemed to be a capital expense and as such are included in the cost of purchase or net proceeds from the sale of investments.

The ACD's periodic charge and other expenses are initially charged to the revenue property of the respective sub-funds, and are accounted for on an accruals basis.

The Aegon High Yield Bond Fund, Aegon UK Equity Income Fund and Aegon Diversified Monthly Income Fund deduct the ACD's periodic charge and all other expenses from capital for the purpose of calculating any distribution as detailed in the distribution policies.

f) Allocation of revenue and expenses to multiple share classes

With the exception of the ACD's periodic charge which is directly attributable to individual share classes, all revenue and expenses are allocated to share classes pro-rata to the value of the net assets of the relevant share classes on the day that the revenue or expense is incurred. Taxation is computed by reference to the net revenue after expenses attributable to each share class. Revenue equalisation and annual management charge are specific to each share class.

Aegon Asset Management UK ICVC

Accounting Policies (continued)

1 Accounting Policies (continued)

g) Taxation

Corporation tax relief is applicable only where the transfer of the benefit is between the revenue and capital property of at least two different share classes of a sub-fund. Previously, corporation tax relief could apply between the revenue and capital property of the same share class of a sub-fund. Please note that marginal relief is not applied for the following sub-funds that take expenses to capital, Aegon Diversified Monthly Income Fund, Aegon High Yield Bond Fund and Aegon UK Equity Income Fund.

Provision for Corporation Tax is based at the current rate, as appropriate, on the excess of taxable revenue over allowable expenses.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay less or receive more tax. Deferred tax assets are recognised only to the extent that the manager considers that it will be more likely than not that there will be taxable profits from which underlying timing differences can be deducted.

h) Underwriting commission

Underwriting commission is accounted for when the issue underwritten takes place. Where the sub-fund is required to take up all of the shares underwritten, the commission received is treated as a deduction from the cost of the shares taken up. Where the sub-fund is required to take up a proportion of the shares underwritten, the same proportion of the commission received is treated as a deduction from the cost of the shares taken up and the balance is taken to revenue.

i) Cash flow statement

The sub-funds are not required to produce a cash flow statement as it meets the exemption criteria set out in the FRS102.7.IA.

j) Derivatives

When certain permitted financial instruments such as derivatives or forward currency contracts are used, both the motive and circumstances are used to determine whether the derivative returns should be treated as capital or revenue. Where positions are undertaken to protect or enhance capital, and the circumstances support this, the returns are recognised in net capital gains; similarly where the motives and circumstances are to generate or protect revenue, and the circumstances support this, the returns are recognised as revenue. Where positions generate total returns it will generally be appropriate to apportion such returns between capital and revenue to properly reflect the nature of the transaction.

Any capital gains/(losses) are included within net capital gains/(losses) and any revenue or expenses are included within revenue or finance costs respectively in the statement of total return.

Derivative revenue or expenses are netted off for the purpose of disclosure. The net balance is disclosed within either the revenue or finance cost note depending on whether the balance is a net revenue or expenses position respectively.

Forwards

Forward foreign currency contracts are used to manage currency risk arising from holdings of overseas securities. In these circumstances, all gains and losses are taken to capital. Where forward foreign currency contracts are used to generate revenue, and the circumstances support this, the interest on the difference between spot and forward rates on the trade date is split out and amortised over the life of the contract as revenue. Subsequent changes to the exchange rates during the life of the currency forward contract and on closure would be recognised as a capital gain/(loss).

Futures

A future is a financial contract obligating the buyer to purchase or sell an asset, at a predetermined future date and price. The holder of a futures contract is obligated to fulfil the terms of his/her contract. Futures are held within the sub-funds for Efficient Portfolio Management (EPM) purposes.

Where futures contracts form a more significant element of the sub-fund strategy, for instance as part of a strategy to reduce risk while taking advantage of the relative performance of markets, the returns are bifurcated based on the underlying yield of the reference asset as adjusted for the implied cost of borrowing. The calculated income element is taken to revenue while the remaining element is taken to capital.

Interest rate swaps

Interest rate swaps are currently used to exchange interest rate streams to/from fixed rates from/to floating rates. Following the accounting for the underlying interest streams any gain/(loss) suffered from a mismatch in the fixed and floating interest rates should therefore be treated as revenue.

The price of these instruments also have a capital value since they are susceptible to changes in perceptions of credit risk, risk free interest rates and credit spreads. While these positions are open or traded on a secondary market, the mark to market return is taken to capital.

Contracts for difference

A CFD is a type of derivative instrument that generally provides an efficient way of securing exposure to underlying securities. CFDs allow investors to participate in the price movement of a stock without the need for ownership of the stock. The performance effect of owning a CFD is similar to holding the stock directly. Short and long positions can be held with CFDs.

The nature and intended use of these derivatives is to synthetically allow the sub-fund to go long and short on an underlying asset without the need to trade the physical securities – there are therefore revenue and capital returns to be derived from these instruments. By using a true look-through into the underlying position with the prime broker, it is possible to see the borrowing for long positions (or deposit for short positions). The mark to market gain/(loss) is also evident at each reset such that the total returns at these reset points can be allocated into each component part.

Dividends payable on CFD short positions held are included within Interest payable and similar charges on an accruals basis. The synthetic dividends generated by these holdings are similar to the underlying dividends produced by the equivalent equity holding however unlike true dividends these are not franked investment income and as such they are not included in the dividend exemption and are taxable and should be included in the corporation tax computation for the sub-fund.

Aegon Asset Management UK ICVC

Accounting Policies (continued)

1 Accounting Policies (continued)

Options

An option is a contract between two parties for a future transaction on a reference entity at a reference price (known as a strike or exercise price), that can be exercised at expiry date (European Option) or up to and including expiry date (American Option). The price of an option derives from the difference between the reference price and the value of the underlying asset, plus a premium based on the time remaining until the expiration of the option. There are 4 possible option types:

Call buyer – pays premium, obtains right, no obligation to buy underlying at exercise date.

Call writer – receives premium, takes obligation to deliver underlying if buyer exercises.

Put buyer – pays premium, obtains right, no obligation to sell underlying at exercise price.

Put writer – receives premium, takes obligation to take delivery of underlying and pay exercise price if call holder decides to exercise.

When an individual option is written “out of the money” the premium received for the option contract will be amortised to revenue on a straight line basis throughout the life of the option. Should an option be exercised any remaining premium will be retained in capital along with any loss suffered. The option treatment is decided at the inception of the contract at which point the motive and circumstance of the trade will be clear, this treatment will then be used throughout the life of that contract.

The ACD will only write call options where we hold the underlying position equity directly.

Credit default swaps

Credit default swaps are used to manage credit risk and protect the capital value of the sub-fund. This can be achieved using two different methods, either by protecting a specific holding which is also held in the sub-fund or by covering a basket of bonds or index which is not necessarily held but will provide a general hedge against a large credit event.

The motive of a credit default swap is to protect the capital value of the sub-fund however the risk of a credit event is reflected in a discount applied to the price of a bond and therefore recognised in revenue on an accruals basis. In order to match the premium paid with the discount the sub-fund splits the revenue received from the asset to provide greater protection in the event of a credit event. This creates a “risk free” rate of return.

The spread paid by the credit default swap is accounted for as revenue and forms part of distributable income and any mark to market movement is accounted for as capital.

2 Distribution Policies

a) Distribution policy

If at the end of the accounting year, revenue exceeds expenses and tax, the net revenue of the sub-fund is available to be distributed to shareholders. Should expenses and taxation exceed revenue, there will be no distribution and a transfer from capital will be made to cover the shortfall.

In satisfying the requirements of SI 2006/964 by holding 60% or greater of qualifying investments throughout the distribution period, the Aegon Sterling Corporate Bond, Aegon Strategic Bond, Aegon Investment Grade Bond and Aegon Ethical Corporate Bond sub-funds will distribute interest quarterly. The Aegon High Yield Bond Fund will distribute interest monthly. All other sub-funds of the Company will make quarterly or annual dividend distributions with the exception of the Aegon Diversified Monthly Income Fund which will make dividend distributions monthly.

Income earned in an interim accounting period need not be distributed immediately and may instead be retained and used to ensure that distributions paid throughout the year are broadly similar. Any residual income will be distributed at the sub-fund's annual income allocation date. This policy is known as “smoothing”. The ACD intends to operate a smoothing policy in respect of Aegon Diversified Monthly Income Fund.

b) Indexation

Indexation from index linked bonds has been included within the distribution.

c) Expenses

The Aegon High Yield Bond Fund, UK Equity Income Fund and Diversified Monthly Income Fund deduct the ACD's periodic charge and all other expenses from capital for the purpose of calculating any distribution. This may constrain capital growth.

d) Equalisation

Equalisation applies only to shares purchased during the distribution period (group 2 shares). It is the average amount of revenue included in the purchase price of all group 2 shares and is refunded to holders of these shares as a return of capital. Being a capital repayment, it is not liable to income tax but must be deducted from the cost of the shares for capital gains tax purposes.

Aegon Asset Management UK ICVC

Accounting Policies (continued)

3 Dilution Adjustment

The Company may suffer dilution (reduction in the value of the Scheme Property as a result of the costs incurred in dealing in its underlying investments and of any spread between the buying and the selling prices of such investments which is not reflected in the issue or redemption price paid by or to the Shareholder). With a view to countering this (which, if it is significant, disadvantages existing or continuing Shareholders), the ACD reserves the right to make a dilution adjustment to the price of a Share in the following circumstances:

1. to reflect the expanding or contracting trend of a sub-fund.
2. in any other case where the ACD is of the opinion that the interests of the shareholders require the imposition of a dilution adjustment.

Where a dilution adjustment is applied the value of the dilution adjustment will be paid forthwith by the ACD to the Depositary and will become part of the property attributed to the relevant sub-fund.

As dilution is directly related to the inflows and outflows of monies from the scheme it is not possible to accurately predict whether dilution will occur at any future point in time. Consequently it is also not possible to accurately predict how frequently the ACD will need to make such a dilution adjustment.

The ACD reserves the right to apply a higher dilution adjustment to the figures quoted and will monitor the circumstances of each sub-fund on an ongoing basis. Where we suspect that market timing may be taking place, we reserve the right to take whatever action is required in order to act in the best interests of the shareholders. On the occasions when the dilution adjustment is not applied there may be an adverse impact on the total assets of the relevant sub-fund.

4 Risks

Financial Instruments

In pursuing their investment objectives, some of the sub-funds may hold a number of financial instruments. These financial instruments, other than derivatives, comprise securities and other investments, cash balances, debtors and creditors that arise directly from the sub-funds' operations.

The main risks arising from financial instruments and the ACD's policies for managing these risks are stated below. These policies have been applied throughout the year (2019: same policies).

Market price risk

The main risk arising from each sub-fund's financial instruments is market price. Market price risk is the risk that the value of the sub-funds' investments will fluctuate as a result of changes in market price caused by factors other than interest rate or foreign currency movements. For example, changes in credit spreads, price levels or volatility.

Market price risk arises mainly from uncertainty about future prices of financial instruments that the sub-fund might hold. It represents the potential loss the sub-funds might suffer through holding market positions in the face of price movements. The sub-funds' investment portfolios are exposed to market price fluctuations, which are monitored by the ACD in pursuance of their investment objectives, and policies are set out in the prospectus. The sub-funds seek to manage these risks by holding diversified portfolios of investments in line with the sub-funds' objectives.

Adherence to the investment guidelines and to investment and borrowing powers set out in the instrument of incorporation, the prospectus and the rules of the Financial Conduct Authority's Collective Investment Schemes Sourcebook mitigates the risk of excessive exposure to any particular type of security or issuer.

Following the assessment of the investment policy of each sub-fund of the Company, the ACD has decided to use Value at Risk (VaR) for the assessment of the global exposure of each sub-fund. Value-at-Risk (VaR) is a statistical measurement. It intends to measure the maximum potential loss at a given confidence level (probability) over a specific time period under normal market conditions. All of the positions within the portfolio are taken into account for the VaR calculation, not just derivatives. Absolute and Relative VaR are calculated daily using a VaR risk model based on a five years historical simulation methodology. This method for calculating VaR contains no standard distribution assumption and assumes that history repeats itself.

Under the relative VaR approach, the VaR of the sub-fund is compared to that of a benchmark or reference portfolio. With this approach, the choice of benchmark is important and hence the Manager will choose a leverage free benchmark with similar risks to the sub-fund. The calculation standards used for the VaR model are in compliance with the provisions in box 15 of ESMA Guidelines on Risk Measurement and the calculation of Global Exposure and Counterparty Risk for UCITS (Ref: 10-788 "ESMA Guidelines").

The Absolute VaR of a UCITS cannot be greater than 14.1% of its NAV. The Relative VaR of a UCITS cannot be more than two times the VaR of the reference portfolio. The ACD monitors that the (VaR of the UCITS)/(VaR of the reference portfolio) is not greater than 200%.

The calculation of the Absolute and Relative VaR is carried out in accordance with the following parameters:

- one-tailed confidence interval of 95%;
- holding period equivalent to one month (i.e. 20 business days);
- effective observation period (history) of risk factors of two years;
- daily calculation.

In line with box 25 of ESMA Guidelines, as the sub-funds use the VaR approach to monitor the global exposure, the ACD calculates the leverage for each sub-fund on a daily basis, as the sum of the absolute value of the notional of the derivatives used. With respect to financial derivative instruments which do not have a notional value attached to them, the calculation of the value is based upon the market value of the equivalent position of the underlying asset that is attached to the financial derivative instrument and applied consistently and appropriately.

Aegon Asset Management UK ICVC

Accounting Policies (continued)

4 Risks (continued)

Market price risk (continued)

For those sub-funds utilising the relative VaR methodology, it details the reference portfolio. Details of the minimum, maximum and average daily VaR utilisation will be included within the notes to the accounts for the sub-funds.

We have highlighted below positions which we believe will take longer than 30 days to liquidated:

Security	Composite Rating	Sub-fund exposure	Sub-fund
AMP Group Finance Services 6.875% 23/08/2022	BBB	0.69%	Aegon Investment Grade Bond Fund
	BBB	0.58%	Aegon Ethical Cautious Managed Fund
Bishopsgate Asset Finance 4.808% 14/08/2044	BB	1.75%	Aegon Investment Grade Bond Fund
	BB	0.32%	Aegon Ethical Cautious Managed Fund
Dignity Finance 4.6956% 31/12/2049	BB	0.42%	Aegon Strategic Bond Fund
	BB	0.46%	Aegon Investment Grade Bond Fund
	BB	0.51%	Aegon Ethical Corporate Bond Fund
	BB	0.23%	Aegon Ethical Cautious Managed Fund
GLH Hotels 7.875% 20/06/2022	NR	0.92%	Aegon Sterling Corporate Bond Fund
	NR	0.52%	Aegon Ethical Corporate Bond Fund
	NR	0.16%	Aegon Ethical Cautious Managed Fund
Intu Debenture 5.562% 31/12/2027	NR	0.34%	Aegon Sterling Corporate Bond Fund
Par Petroleum / Petroleum Finance 7.75% 15/12/2025	B	1.06%	Aegon High Yield Bond Fund
	B	0.14%	Aegon Diversified Monthly Income Fund
Santander UK 5.875% 14/08/2031	BBB	0.89%	Aegon Ethical Corporate Bond Fund
Trafford Centre Finance 4.75% 28/04/2024	BBB	0.71%	Aegon Sterling Corporate Bond Fund
Trafford Centre Finance 6.5% 28/07/2033	AA	0.67%	Aegon Ethical Corporate Bond Fund
	AA	0.19%	Aegon Ethical Cautious Managed Fund
Trafford Centre Finance 7.03% 28/01/2029	AA	0.15%	Aegon Ethical Corporate Bond Fund
	AA	0.11%	Aegon Ethical Cautious Managed Fund

Foreign currency risk

Foreign currency risk is the risk that the value of the sub-funds' investments will fluctuate as a result of changes in foreign currency exchange rates.

For the sub-funds where an element of the investment portfolio is invested in overseas securities the balance sheet can be affected by movements in exchange rates. The ACD may seek to manage exposure to currency movements by using forward foreign currency contracts or by hedging the sterling value of investments that are priced in other currencies. Revenue received in other currencies is converted to sterling on or near the date of receipt.

Interest rate risk

Interest rate risk is the risk that the value of sub-funds' investments will fluctuate as a result of changes in interest rates.

Some of the sub-funds invest in fixed interest securities. The revenue from these sub-funds may be affected by changes to interest rates relevant to particular securities or as a result of the ACD being unable to secure similar returns on the expiry of contracts or sale of securities. The value of fixed interest securities may be affected by such movements in the future. Interest receivable on bank deposits and payable on bank overdrafts will be affected by fluctuations in interest rates.

The sub-funds will adjust their exposure to interest risk according to their views on how rates will move in the future. This may mean that at times the sub-funds may take on more or less risk depending on the view of the Investment Manager.

Liquidity risk

Liquidity risk is the risk that low market liquidity through reduced trading volumes may affect the ability of the sub-fund to trade financial instruments at levels previously indicated by financial brokers.

The assets of the sub-funds are generally liquid and considered to be readily realisable, however liquidity conditions can be affected by economic events.

The sub-funds may also invest in debt and money market instruments that may be less liquid.

The sub-funds are exposed to liquidity risk, in our view a subset of market risk, arising from lack of a secondary market for the debt instruments that it holds.

The fund managers, as part of the wider fixed income team at Aegon Asset Management UK plc, monitor daily any distressed bonds held. The fund manager will use his/her expert judgement as to the liquidity risks of the individual securities held by each of the sub-funds, and on an aggregate basis.

The sub-funds main commitments are to pay expenses, which are regular and predictable, and to meet any cancellation of shares that the investor wishes to sell. Assets from a sub-fund may need to be sold if insufficient cash is available to finance such cancellations.

Aegon Asset Management UK ICVC

Accounting Policies (continued)

4 Risks (continued)

Credit risk

Certain transactions in securities that the sub-fund enters into expose them to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the sub-fund has fulfilled its responsibility. The sub-funds only buy and sell investments through brokers, which have been approved by the ACD as an acceptable counterparty. In addition, limits are set to the exposure to any individual broker that may exist at any time and changes to brokers' financial ratings are reviewed.

Counterparty risk is also a feature of transactions in Over the Counter (OTC) derivatives, so all derivative counterparties are also pre-approved. Futures are subject to daily variation margin payments which reduces the credit risk to one day's movement in index value. Forwards and swaps are transacted with a limited number of counterparties to reflect the increased credit risk involved in OTC derivatives. All forwards with the exception of FX forwards are covered by ISDA agreements.

Cash may only be deposited with banks that have a minimum credit rating of A and have been approved by Aegon as cash counterparties. According to UCITS rules no more than 20% of the NAV of the sub-fund may be exposed to a single counterparty but cash deposits are managed to an internal limit of 10% of NAV.

For asset backed investments (including FRNs) there is the possibility of default of the issuer and default in the underlying assets meaning that the sub-fund may not receive back the full principal originally invested.

Derivative risk

The derivative contracts that the sub-funds have entered into are futures (ETD), forward currency contracts (OTC), interest rate Swaps (OTC), credit default swaps (OTC), contracts for difference (OTC) and written options (ETD or OTC). Some of the sub-funds may use derivatives for Efficient Portfolio Management (EPM), including for hedging purposes, and for investment purposes. The way in which derivatives will be used in each context may raise the risk profile of the sub-fund.

Permitted EPM transactions are transactions in futures, options, swaps, contracts for difference or forward currency transactions. There is no limit on the amount which may be used for EPM but the transactions must satisfy the following broadly-based requirements:

- (i) Reduction of risk
- (ii) Reduction of cost
- (iii) The generation of additional capital or revenue for the sub-fund with no, or an acceptably low level of risk.

Each EPM transaction must be covered to meet the sub-funds total exposure, taking into account the value of the underlying assets, any reasonably foreseeable market movements, counterparty risk and the time available to liquidate any positions.

Subject to their investment objectives and policies, each sub-fund may also use derivatives for investment purposes (i) as a substitute for taking a position in an underlying asset, (ii) to tailor the sub-fund's interest rate exposure to the ACD's outlook for interest rates, and/or (iii) to gain an exposure to the composition and performance of a particular index (including a financial index). Derivatives may also be used in order to take tactical decisions. Swaps may be used to gain or reduce the sub-fund's exposure to credit spreads on a particular security or market for periods of time to be determined by the ACD, either in advance of a longer term allocation or reappraisal of the sub-fund's commitment to the asset or market in question, or purely on a temporary basis where it is more efficient to use derivatives for this purpose. The ACD may use futures, forwards or swaps (including credit default swaps) and contracts for difference to increase or reduce the beta (the measurement of volatility/risk of a security or portfolio in comparison to the market as a whole), interest rate duration or spread duration of all or part of the sub-fund's portfolio to take account of changing levels of volatility in the market while at the same time maintaining exposure to the market. Transactions in OTC derivatives will be undertaken with an approved counterparty.

5 Fair value of financial assets and financial liabilities

There is no difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

6 Related Parties

Aegon Asset Management UK plc as the ACD is regarded as a related party under Financial Reporting Standard 102, and acts as principal in respect of all transactions in the shares of the Company and its sub-funds. Amounts payable to the ACD in respect of the ACD periodic charge are disclosed in the Expenses Note of the financial statements of each sub-fund. All issued and redeemed shares transacted with the ACD are shown in the Statement of Change in Net Assets Attributable to Shareholders and the Distributions Note of the sub-fund financial statements. Balances due from and to the ACD for the ACD periodic charge, outstanding share issues and share cancellations are shown in the Debtors Note and Other Creditors Note of the financial statements of each sub-fund.

AEGON UK is a related party of the ACD. Both parties share an ultimate controlling party, AEGON NV, a Dutch listed company and the parent company of the AEGON Group. Transactions with the AEGON UK companies are shown in the notes to each sub-fund's financial statements.

Aegon Sterling Corporate Bond Fund

Fund objective*

The investment objective is to provide a combination of income and capital growth over any 7 year period. At least 80% of the sub-fund will be invested in a portfolio of investment grade corporate bonds issued anywhere in the world. The sub-fund may also invest in deposits and money market instruments, and derivative instruments and forward transactions may also be used for efficient portfolio management.

Risk profile

The sub-fund is designed for retail and institutional investors seeking pooled exposure to the sterling corporate bond market and who are comfortable with a medium level of investment risk. In most cases, we expect the sub-fund to be held as part of a diversified portfolio, which may include other assets such as bonds, equities, property and cash. While investors will normally be able to liquidate their holdings on a daily basis, unit prices will fluctuate and may fall significantly in value. Consequently, it is important to understand that the sub-fund should be viewed as a longer term investment.

The sub-fund is actively managed and exposed to a range of risks, which are listed and defined in the Aegon Asset Management UK ICVC Prospectus. The most material risks from this list also appear in our Key Investor Information documents (KIID) where they are summarised in an easy-to-read format. You can find both of these documents on our website at www.aegonam.com.

Performance**

The Aegon Sterling Corporate Bond Fund returned 6.37% compared to the peer group median return of 5.96%. The peer group is the Investment Association Sterling Corporate Bond sector.

Strategy review***

Bond markets performed strongly over the year under review, although it was without doubt an extremely volatile 12 months. The year was marked by the onset of the coronavirus pandemic during the first half of 2020 as well as the support provided by central banks and governments, which was visible throughout the year. This support helped both government and corporate bond markets, with the latter outperforming the former.

The sub-fund's relative outperformance over the year was due to strong bond selection and sector allocation, while duration (a measure of interest rate risk) was mixed. Within bond selection we took a disciplined approach and invested where we saw good opportunities and reduced or exited positions we felt no longer offered good value. Actively managing our holdings during what was an extremely volatile year was the main driver of performance.

At the start of the year our exposure to bonds issued by financial institutions was a key positive, with our weighting in both banks and insurance companies performing very well. This was, in part, due to the Conservative party's victory in the UK election as well as accommodative policy actions by central banks.

As we moved into 2020, we had some concerns around how fully valued credit markets had become and consequently we reduced the level of risk slightly in the sub-fund with cuts predominantly in our exposure to the financials sector. Nevertheless, we certainly did not expect the collapse in risk assets we saw as the coronavirus pandemic took hold. While the sub-fund was not immune to the unprecedented sell-off in markets, our elevated exposure to cash and reduced level of corporate bond risk protected performance to a degree.

The subsequent actions of central banks and governments to support economies through a combination of monetary easing, quantitative easing programmes and supportive fiscal policy was welcomed by the market. We recognised this intervention as offering an excellent opportunity to own corporate bonds, such as the valuation dislocation in light of the degree of support. We therefore sought to add credit risk to the portfolio (and reduce the cash weighting) to take advantage of some of the more attractive valuations.

This move was beneficial to performance up to the year-end. A key theme was the attractive opportunities to be found in the primary market. We focused on owning names that we viewed as long-term survivors of the crisis and taking part in new issue opportunities where the price was reasonable.

Outlook

The ongoing challenging economic backdrop continues to cause concern, as will another round of cliff-edge Brexit negotiations. In this environment we expect central banks to continue offering support to economies which, in turn, is positive for fixed income markets.

*Please note that the sub-fund's objective has been updated effective 7 September 2020. The latest update can be found in the sub-fund's prospectus at www.aegonam.com.

**Source: Lipper, % growth, income re-invested at pay date, NAV-NAV, GBP, net of Basic Rate Tax. Index returns are gross of Basic Rate Tax. Investors are invited to compare the sub-fund's performance against the performance of other funds within the Investment Association Sterling Corporate Bond Sector. Comparison of the sub-fund against this Sector will give investors an indication of how the sub-fund is performing compared with funds investing in a similar but not identical investment universe. This comparison should be performed over at least a 7 year period to provide the most useful long term comparison.

***General references to markets and indices are to be considered as general market commentary only and (i) are not to be considered as a comparison of sub-fund performance against a benchmark (unless otherwise disclosed as such); and (ii) the index or indices do not operate as a performance target and the sub-fund's portfolio is not constrained by the index or indices.

Aegon Sterling Corporate Bond Fund

Material portfolio changes

Top ten purchases	31 July 2020 £'000	Top ten sales	31 July 2020 £'000
Danske Bank 2.25% 14/01/2028	2,905	KFW 6% 07/12/2028	11,841
Intesa Sanpaolo 2.5% 15/01/2030	2,807	THPA Finance 8.241% 15/03/2028	5,539
Credit Suisse 2.25% 09/06/2028	2,607	European Investment Bank 1% 21/09/2026	5,285
Virgin Money UK 4% 09/03/2027	2,589	Transport for London 2.125% 24/04/2025	5,158
Coventry Building Society 1.5% 23/01/2023	2,497	United Kingdom Gilt 1.5% 22/07/2047	4,669
Societe Generale 1.875% 03/10/2024	2,488	BNP Paribas 3.375% 23/01/2026	3,579
GlaxoSmithKline Capital 1.625% 12/05/2035	2,487	BG Energy Capital 5.125% 01/12/2025	3,566
Siemens Financier 1% 20/02/2025	2,396	Cadent Finance 2.625% 22/09/2038	3,364
Bank of Nova Scotia 1.375% 12/05/2023	2,298	Premier Transmission Financing 5.2022% 31/03/2030	3,324
Virgin Money UK 7.875% 14/12/2028	2,209	Yorkshire Building Society 3.5% 21/04/2026	3,295

Aegon Sterling Corporate Bond Fund

Comparative Tables

A Accumulation shares	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	81.92	76.56	76.44
Return before operating charges*	5.34	6.17	0.92
Operating charges	(0.87)	(0.81)	(0.80)
Return after operating charges*	4.47	5.36	0.12
Distributions	(1.89)	(1.92)	(1.90)
Retained distributions on accumulation shares	1.89	1.92	1.90
Closing net asset value per share	86.39	81.92	76.56
 *after direct transaction costs of	-	-	-
Performance			
Return after charges	5.46%	7.00%	0.15%
Other information			
Closing net asset value (£'000)	9,405	56,714	72,909
Closing number of shares	10,885,608	69,228,057	95,236,464
Operating charges	1.05%	1.05%	1.04%
Direct transaction costs	-	-	-
Prices			
Highest share price	86.49	81.95	78.33
Lowest share price	75.32	75.54	76.11

A Income shares	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	33.33	31.92	32.67
Return before operating charges*	2.15	2.54	0.40
Operating charges	(0.35)	(0.34)	(0.34)
Return after operating charges*	1.80	2.20	0.06
Distributions	(0.76)	(0.79)	(0.81)
Retained distributions on accumulation shares	-	-	-
Closing net asset value per share	34.37	33.33	31.92
 *after direct transaction costs of	-	-	-
Performance			
Return after charges	5.40%	6.89%	0.18%
Other information			
Closing net asset value (£'000)	268	5,319	5,925
Closing number of shares	780,152	15,959,604	18,561,961
Operating charges	1.05%	1.05%	1.04%
Direct transaction costs	-	-	-
Prices			
Highest share price	34.60	33.54	33.29
Lowest share price	30.30	31.29	31.94

Highest and Lowest share prices are based on official published daily NAVs priced at 12 noon on the last business day of the year. The closing net asset value per share is at close of business.

Aegon Sterling Corporate Bond Fund

Comparative Tables (continued)

B Accumulation shares	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	88.25	82.05	81.52
Return before operating charges*	5.78	6.66	0.97
Operating charges	(0.42)	(0.46)	(0.44)
Return after operating charges*	5.36	6.20	0.53
Distributions	(2.57)	(2.48)	(2.45)
Retained distributions on accumulation shares	2.57	2.48	2.45
Closing net asset value per share	93.61	88.25	82.05
 *after direct transaction costs of	-	-	-
Performance			
Return after charges	6.07%	7.56%	0.66%
Other information			
Closing net asset value (£'000)	141,081	119,049	129,692
Closing number of shares	150,714,609	134,905,376	158,060,223
Operating charges	0.40%	0.55%	0.54%
Direct transaction costs	-	-	-
Prices			
Highest share price	93.71	88.27	83.72
Lowest share price	81.41	81.04	81.31

B Income shares	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	33.92	32.48	33.25
Return before operating charges*	2.21	2.59	0.40
Operating charges	(0.16)	(0.18)	(0.18)
Return after operating charges*	2.05	2.41	0.22
Distributions	(0.98)	(0.97)	(0.99)
Retained distributions on accumulation shares	-	-	-
Closing net asset value per share	34.99	33.92	32.48
 *after direct transaction costs of	-	-	-
Performance			
Return after charges	6.04%	7.42%	0.66%
Other information			
Closing net asset value (£'000)	51,005	99,466	127,339
Closing number of shares	145,780,268	293,205,614	391,995,939
Operating charges	0.40%	0.55%	0.54%
Direct transaction costs	-	-	-
Prices			
Highest share price	35.27	34.18	33.90
Lowest share price	30.86	31.87	32.51

Highest and Lowest share prices are based on official published daily NAVs priced at 12 noon on the last business day of the year. The closing net asset value per share is at close of business.

Aegon Sterling Corporate Bond Fund

Comparative Tables (continued)

D Accumulation shares**	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	135.43	126.24	125.74
Return before operating charges*	6.89	10.21	1.50
Operating charges	(0.60)	(1.02)	(1.00)
Return after operating charges*	6.29	9.19	0.50
Distributions	(1.76)	(3.49)	(3.45)
Retained distributions on accumulation shares	1.76	3.49	3.45
Redemption value	(141.72)	-	-
Closing net asset value per share	-	135.43	126.24
 *after direct transaction costs of	-	-	-
Performance			
Return after charges	4.64%	7.28%	0.40%
Other information			
Closing net asset value (£'000)	-	1,183	1,359
Closing number of shares	-	873,790	1,076,831
Operating charges	-	0.80%	0.79%
Direct transaction costs	-	-	-
Prices			
Highest share price	141.56	135.47	128.98
Lowest share price	135.44	124.62	125.36

D Income shares**	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	113.24	108.44	110.99
Return before operating charges*	5.75	8.65	1.33
Operating charges	(0.50)	(0.87)	(0.87)
Return after operating charges*	5.25	7.78	0.46
Distributions	(1.47)	(2.98)	(3.01)
Retained distributions on accumulation shares	-	-	-
Redemption value	(117.02)	-	-
Closing net asset value per share	-	113.24	108.44
 *after direct transaction costs of	-	-	-
Performance			
Return after charges	4.64%	7.17%	0.41%
Other information			
Closing net asset value (£'000)	-	646	2,437
Closing number of shares	-	570,306	2,247,579
Operating charges	-	0.80%	0.79%
Direct transaction costs	-	-	-
Prices			
Highest share price	117.62	114.03	113.12
Lowest share price	112.77	106.35	108.52

Highest and Lowest share prices are based on official published daily NAVs priced at 12 noon on the last business day of the year. The closing net asset value per share is at close of business.

**Share classes closed on 3 February 2020.

Aegon Sterling Corporate Bond Fund

Comparative Tables (continued)

G Accumulation shares***	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	197.78	183.90	182.72
Return before operating charges*	3.54	14.90	2.17
Operating charges	(0.35)	(1.02)	(0.99)
Return after operating charges*	3.19	13.88	1.18
Distributions	-	(5.57)	(5.48)
Retained distributions on accumulation shares	-	5.57	5.48
Redemption value	(200.97)	-	-
Closing net asset value per share	-	197.78	183.90
 *after direct transaction costs of	-	-	-
Performance			
Return after charges	1.61%	7.55%	0.65%
Other information			
Closing net asset value (£'000)	-	2,149	2,613
Closing number of shares	-	1,086,428	1,420,791
Operating charges	-	0.55%	0.54%
Direct transaction costs	-	-	-
Prices			
Highest share price	200.70	197.84	187.63
Lowest share price	197.89	181.64	182.25

S Accumulation shares****	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	106.02	98.43	100.00
Return before operating charges*	6.94	7.99	(1.28)
Operating charges	(0.37)	(0.40)	(0.29)
Return after operating charges*	6.57	7.59	(1.57)
Distributions	(3.22)	(3.13)	(1.82)
Retained distributions on accumulation shares	3.22	3.13	1.82
Closing net asset value per share	112.59	106.02	98.43
 *after direct transaction costs of	-	-	-
Performance			
Return after charges	6.20%	7.71%	(1.57)%
Other information			
Closing net asset value (£'000)	2,059	2,358	3,499
Closing number of shares	1,828,969	2,224,194	3,554,686
Operating charges	0.30%	0.40%	0.39%
Direct transaction costs	-	-	-
Prices			
Highest share price	112.72	106.05	100.39
Lowest share price	103.55	97.24	97.65

Highest and Lowest share prices are based on official published daily NAVs priced at 12 noon on the last business day of the year. The closing net asset value per share is at close of business.

***Share class closed on 31 October 2019.

****Share class launched on 19 December 2017.

Aegon Sterling Corporate Bond Fund

Comparative Tables (continued)

S Income shares****	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	100.92	96.63	100.00
Return before operating charges*	6.54	7.71	(1.28)
Operating charges	(0.35)	(0.38)	(0.28)
Return after operating charges*	6.19	7.33	(1.56)
Distributions	(3.03)	(3.04)	(1.81)
Retained distributions on accumulation shares	-	-	-
Closing net asset value per share	104.08	100.92	96.63
 *after direct transaction costs of	 -	 -	 -
Performance			
Return after charges	6.13%	7.59%	(1.56)%
Other information			
Closing net asset value (£'000)	65,472	80,130	142,517
Closing number of shares	62,907,727	79,403,060	147,480,015
Operating charges	0.30%	0.40%	0.39%
Direct transaction costs	-	-	-
Prices			
Highest share price	104.94	101.72	100.39
Lowest share price	97.13	94.81	96.72

Highest and Lowest share prices are based on official published daily NAVs priced at 12 noon on the last business day of the year. The closing net asset value per share is at close of business.

****Share class launched on 19 December 2017.

Aegon Sterling Corporate Bond Fund

Portfolio Statement

The sub-fund's investments as at 31 July 2020

Holding	Investment	Market Valuation £'000	Total net assets %
Sterling Denominated Bonds 98.16% (31 July 2019 99.04%)			
Asset Backed Security 8.67% (31 July 2019 12.79%)			
1,500,000	Arqiva Financing 4.882% 31/12/2032	1,433	0.53
2,050,000	Canary Wharf Finance II 6.8% 22/04/2030	1,453	0.54
1,500,000	Channel Link Enterprises Finance 3.848% 30/06/2050	1,808	0.67
1,900,000	Connect M77/GSO 5.404% 31/03/2034	1,590	0.59
1,700,000	Dignity Finance 3.5456% 31/12/2034	1,401	0.52
2,000,000	Income Contingent Student Loans 2 2007-2009 2.5% 24/07/2058	1,756	0.65
2,100,000	Intu Debenture 5.562% 31/12/2027*	901	0.34
4,900,000	Telereal Secured Finance 4.01% 10/12/2031	3,806	1.41
4,000,000	Telereal Securitisation 4.9741% 10/09/2027	2,573	0.96
2,600,000	Telereal Securitisation 6.1645% 10/12/2031	2,937	1.09
3,300,000	Tesco Property Finance No.2 6.0517% 13/10/2039	3,694	1.37
		23,352	8.67
Corporate Bonds 87.63% (31 July 2019 81.51%)			
2,600,000	Anheuser-Busch InBev 2.25% 24/05/2029	2,750	1.02
2,100,000	APT Pipelines 3.5% 22/03/2030	2,374	0.88
1,800,000	APT Pipelines 4.25% 26/11/2024	2,025	0.75
1,700,000	Arqiva Financing 5.34% 30/06/2030	2,137	0.79
1,500,000	AT&T 4.375% 14/09/2029	1,828	0.68
2,100,000	Aviva 6.875% 20/05/2058	3,092	1.15
2,700,000	AXA 5.453% Perpetual	3,034	1.13
1,300,000	Banco Bilbao Vizcaya Argentaria 3.104% 15/07/2031	1,294	0.48
1,700,000	Bank of America 7% 31/07/2028	2,438	0.91
2,000,000	Bank of America 8.125% 02/06/2028	2,853	1.06
2,300,000	Bank of Nova Scotia 1.375% 12/05/2023	2,346	0.87
2,300,000	Barclays 2.375% 06/10/2023	2,348	0.87
1,500,000	Barclays 7.125% Perpetual	1,507	0.56
1,100,000	Barclays 9.25% Perpetual	1,186	0.44
1,700,000	BAT International Finance 2.25% 26/06/2028	1,715	0.64
1,700,000	Berkshire Hathaway Finance 2.375% 19/06/2039	1,966	0.73
2,000,000	BP Capital Markets 4.25% Perpetual	2,065	0.77
1,100,000	BPCE 5.25% 16/04/2029	1,380	0.51
2,300,000	British Land 5.264% 24/09/2035	3,088	1.15
900,000	BUPA Finance 4.125% 14/06/2035	954	0.35
2,500,000	BUPA Finance 6.125% Perpetual	2,505	0.93
2,100,000	Cadent Finance 2.125% 22/09/2028	2,243	0.83
2,300,000	Channel Link Enterprises Finance 3.043% 30/06/2050	2,376	0.88
2,200,000	Citigroup 1.75% 23/10/2026	2,264	0.84
1,600,000	Citigroup 6.8% 25/06/2038	2,809	1.04
800,000	Close Brothers 2.75% 26/04/2023	830	0.31
1,700,000	Comcast 1.5% 20/02/2029	1,759	0.65
900,000	Comcast 1.875% 20/02/2036	949	0.35
2,407,000	Cooperatieve Rabobank 6.91% Perpetual	3,857	1.43
1,800,000	CPUK Finance 7.239% 28/02/2024	2,036	0.76
2,600,000	Credit Suisse 2.25% 09/06/2028	2,664	0.99
2,900,000	Danske Bank 2.25% 14/01/2028	2,939	1.09
3,200,000	Deutsche Bank 1.75% 16/12/2021	3,200	1.19
2,000,000	Direct Line Insurance 4% 05/06/2032	2,153	0.80
1,400,000	Drax Finco 4.25% 01/05/2022	1,402	0.52
2,400,000	DS Smith 2.875% 26/07/2029	2,445	0.91
2,200,000	DWR Cymru Financing UK 1.375% 31/03/2033	2,245	0.83
1,800,000	DWR Cymru Financing UK 1.625% 31/03/2026	1,815	0.67
3,400,000	E.ON International Finance 6.375% 07/06/2032	5,156	1.92
2,200,000	Electricite de France 5.875% 18/07/2031	3,121	1.16
1,650,000	Esure 6.75% 19/12/2024	1,704	0.63

Aegon Sterling Corporate Bond Fund

Portfolio Statement (continued)

Holding	Investment	Market Valuation £'000	Total net assets %
	Corporate Bonds (continued)		
600,000	Fiserv 3% 01/07/2031	681	0.25
1,600,000	Ford Motor Credit 4.535% 06/03/2025	1,582	0.59
2,000,000	General Electric 5.25% 07/12/2028	2,315	0.86
2,500,000	GlaxoSmithKline Capital 1.625% 12/05/2035	2,605	0.97
2,300,000	GLH Hotels 7.875% 20/06/2022*	2,466	0.92
2,000,000	Goldman Sachs 6.875% 18/01/2038	3,074	1.14
800,000	Grainger 3% 03/07/2030	829	0.31
1,300,000	Grainger 3.375% 24/04/2028	1,395	0.52
1,500,000	HBOS Sterling Finance Jersey 7.881% Perpetual	2,301	0.85
2,300,000	Heathrow Funding 4.625% 31/10/2046	3,155	1.17
2,600,000	HSBC 4.75% 24/03/2046	3,070	1.14
2,300,000	HSBC Capital 5.844% Perpetual	3,068	1.14
1,200,000	Imperial Brands Finance 5.5% 28/09/2026	1,453	0.54
1,200,000	Incommunities 3.25% 21/03/2049	1,623	0.60
2,600,000	innogy Finance 4.75% 31/01/2034	3,537	1.31
2,800,000	Intesa Sanpaolo 2.5% 15/01/2030	2,776	1.03
100,000	Intesa Sanpaolo 5.148% 10/06/2030	108	0.04
2,950,000	Intesa Sanpaolo 5.25% 28/01/2022	3,108	1.15
1,500,000	Investec 4.5% 05/05/2022	1,555	0.58
2,500,000	Juneau Investments 5.9% 22/02/2021	2,537	0.94
1,500,000	KFW 5.75% 07/06/2032	2,393	0.89
5,000,000	Lehman Brothers 6% 25/01/2013**	88	0.03
1,200,000	Logicor 1.875% 17/11/2026	1,227	0.46
1,700,000	Logicor Financing 2.75% 15/01/2030	1,705	0.63
1,800,000	McDonald's 2.95% 15/03/2034	2,102	0.78
1,700,000	MPT Operating Partnership 3.692% 06/05/2028	1,706	0.63
2,400,000	National Express 2.5% 11/11/2023	2,415	0.90
600,000	National Grid Electricity Transmission 2% 17/04/2040	649	0.24
1,000,000	National Grid Electricity Transmission 2.75% 06/02/2035	1,188	0.44
1,400,000	National Grid Gas 1.375% 02/07/2031	1,442	0.54
600,000	Nationwide Building Society 5.75% Perpetual	611	0.23
2,000,000	NGG Finance 5.625% 18/06/2073	2,297	0.85
3,000,000	NIE Finance 2.5% 27/10/2025	3,234	1.20
2,000,000	Northern Powergrid Yorkshire 4.375% 05/07/2032	2,635	0.98
1,500,000	Orange 3.25% 15/01/2032	1,778	0.66
1,500,000	Orange 5.75% Perpetual	1,637	0.61
800,000	Orsted 2.5% 16/05/2033	925	0.34
2,600,000	Orsted 5.75% 09/04/2040	4,468	1.66
400,000	Pearson Funding 3.75% 04/06/2030	432	0.16
1,800,000	Phoenix 6.625% 18/12/2025	2,116	0.79
700,000	Places for People Homes 3.625% 22/11/2028	791	0.29
1,100,000	Platform HG Financing 1.625% 10/08/2055	1,088	0.40
600,000	Provident Financial 8.25% 04/06/2023	547	0.20
2,500,000	Prudential 6.34% 19/12/2063	3,019	1.12
1,400,000	Quadgas Finance 3.375% 17/09/2026	1,487	0.55
1,500,000	RAC 4.87% 06/05/2026	1,491	0.55
3,300,000	Rothsay Life 3.375% 07/12/2029	3,354	1.25
1,400,000	Sainsbury's Bank 6% 23/11/2027	1,417	0.53
700,000	Sanctuary Capital 2.375% 14/04/2050	823	0.31
1,200,000	Scottish Hydro Electric Transmission 2.25% 27/09/2035	1,326	0.49
2,000,000	Scottish Widows 5.5% 16/06/2023	2,184	0.81
1,100,000	Severn Trent Utilities Finance 2% 02/06/2040	1,182	0.44
2,400,000	Siemens Financier 1% 20/02/2025	2,463	0.92
2,500,000	SP Manweb 4.875% 20/09/2027	3,134	1.16
1,600,000	SSE 3.875% Perpetual	1,601	0.59
1,900,000	Stagecoach 4% 29/09/2025	1,905	0.71
450,000	Tesco Treasury 2.75% 27/04/2030	482	0.18
700,000	Thames Water Utilities Finance 2.375% 22/04/2040	739	0.27
2,800,000	Thames Water Utilities Finance 2.625% 24/01/2032	3,073	1.14

Aegon Sterling Corporate Bond Fund

Portfolio Statement (continued)

Holding	Investment	Market Valuation £'000	Total net assets %
Corporate Bonds (continued)			
1,800,000	Thames Water Utilities Finance 5.75% 13/09/2030	1,904	0.71
2,000,000	Trafford Centre Finance 4.75% 28/04/2024*	1,898	0.71
2,400,000	Unite 3.5% 15/10/2028	2,498	0.93
1,900,000	Verizon Communications 1.875% 19/09/2030	2,010	0.75
1,500,000	Verizon Communications 2.5% 08/04/2031	1,690	0.63
1,300,000	Vinci 2.75% 15/09/2034	1,481	0.55
1,900,000	Virgin Money UK 7.875% 14/12/2028	2,010	0.75
1,020,000	Vodafone 3% 12/08/2056	1,163	0.43
2,400,000	Wells Fargo 3.5% 12/09/2029	2,774	1.03
1,700,000	Western Power Distribution 3.5% 16/10/2026	1,872	0.70
1,500,000	Western Power Distribution 3.625% 06/11/2023	1,593	0.59
1,500,000	Westfield Stratford City Finance No. 2 1.642% 04/08/2026	1,516	0.56
1,900,000	Wm Morrison Supermarkets 2.5% 10/01/2031	2,045	0.76
2,500,000	Yorkshire Water Finance 3.75% 22/03/2046	2,576	0.96
2,000,000	Zurich Finance (UK) 6.625% Perpetual	2,192	0.81
		235,992	87.63
Government Bonds 1.86% (31 July 2019 4.74%)			
1,600,000	European Investment Bank 6% 07/12/2028	2,334	0.87
1,100,000	United Kingdom Gilt 1.5% 22/07/2047	1,342	0.50
1,100,000	United Kingdom Gilt 1.75% 07/09/2037	1,327	0.49
		5,003	1.86
Derivatives and Futures Contracts 0.03% (31 July 2019 (0.17)%)			
Futures Contracts 0.03% (31 July 2019 (0.17)%)			
125	Long Gilt Future Contract September 2020	71	0.03
		71	0.03
Portfolio of investments		264,418	98.19
Net other assets		4,872	1.81
Total net assets attributable to shareholders		269,290	100.00

Analysis of investments by asset class

	Market Value £'000	Value of investments %
Bonds	264,347	98.16
Derivatives	71	0.03
Portfolio of investments	264,418	98.19
Net other assets	4,872	1.81
Total net assets attributable to shareholders	269,290	100.00

The comparative percentage figures in brackets are at 31 July 2019.

All investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market, unless otherwise stated.

*At risk of default/defaulted or illiquid securities as disclosed on page 16.

**Unlisted, suspended and delisted securities.

Aegon Sterling Corporate Bond Fund

Statement of Total Return for the year ended 31 July 2020

			2020		2019
	Note	£'000	£'000	£'000	£'000
Income					
Net capital gains	2		8,389		14,825
Revenue	3	9,577		14,706	
Expenses	4	(1,504)		(2,468)	
Interest payable & similar charges	5	(16)		-	
Net revenue before taxation		8,057		12,238	
Taxation	6	-		-	
Net revenue after taxation			8,057		12,238
Total return before distributions			16,446		27,063
Distributions	7		(8,117)		(12,237)
Change in net assets attributable to shareholders from investment activities			8,329		14,826

Statement of Change in Net Assets Attributable to Shareholders for the year ended 31 July 2020

		2020		2019
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		367,014		488,290
Amounts receivable on issue of shares	19,650		38,304	
Amounts payable on cancellation of shares	(130,431)		(180,163)	
		(110,781)		(141,859)
Dilution adjustment		449		549
Change in net assets attributable to shareholders from investment activities		8,329		14,826
Retained distribution on accumulation shares		4,276		5,203
Unclaimed distributions		3		5
Closing net assets attributable to shareholders		269,290		367,014

Aegon Sterling Corporate Bond Fund

Balance Sheet as at 31 July 2020

			2020		2019
	Note	£'000	£'000	£'000	£'000
Assets					
Fixed assets:					
Investments			264,418		363,472
Current assets:					
Debtors	8	3,625		6,015	
Cash and bank balances	9	3,768		2,235	
			7,393		8,250
Total assets			271,811		371,722
Liabilities					
Investment liabilities			-		611
Creditors					
Distributions payable		827		1,380	
Other creditors	10	1,694		2,717	
Total liabilities			2,521		4,708
Net assets attributable to shareholders			269,290		367,014

Aegon Sterling Corporate Bond Fund

Notes to the Financial Statements

1 Accounting policies

The sub-fund's financial statements have been prepared on the basis disclosed on pages 12 to 14.

2 Net capital gains

Net capital gains comprise:

	2020	2019
	£'000	£'000
Gains on non-derivative securities	7,560	14,291
Currency exchange (losses)/gains	(5)	7
Gains on derivative securities	835	529
Transaction charges	(1)	(2)
Net capital gains	8,389	14,825

3 Revenue

	2020	2019
	£'000	£'000
Interest on debt securities	9,548	14,449
Derivative revenue	-	162
Bank interest	29	95
Total revenue	9,577	14,706

4 Expenses*

	2020	2019
	£'000	£'000
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	1,355	2,279
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary fee	57	91
Other expenses:		
Audit fee**	10	11
FT publishing fee	5	4
KIID fee	1	1
Legal fees	4	-
PRIIPs fees	1	4
Registrar's fee	56	54
Safe custody charge	15	24
	92	98
Total expenses	1,504	2,468

*All expenditure stated above is inclusive of irrecoverable VAT where applicable.

**The audit fee (excluding VAT) incurred during the year was £9,700 (2019: £8,915).

5 Interest payable & similar charges

	2020	2019
	£'000	£'000
Interest	1	-
Futures expense	15	-
Interest payable & similar charges	16	-

Aegon Sterling Corporate Bond Fund

Notes to the Financial Statements (continued)

6 Taxation

Corporation tax has not been provided for as expenses and interest distributions payable by the sub-fund exceed the revenue liable to corporation tax.

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019: lower than) the standard rate of corporation tax for Open Ended Investment Companies 'OEICs' (20%).

The differences are explained below:

	2020 £'000	2019 £'000
Net revenue before taxation	8,057	12,238
Corporation tax 20% (2019: 20%)	1,611	2,447
Effects of:		
Tax deductible interest distributions	(1,611)	(2,447)
Total tax charge for the year	-	-

Open Ended Investment Companies are exempt from tax on capital gains. Therefore, any capital return is not included in the above reconciliations.

7 Distributions

a) Distributions

The distributions take account of amounts receivable on the issue of shares and amounts deductible on the cancellation of shares, and comprise:

	2020 £'000	2019 £'000
Interim distributions	5,984	9,071
Final distribution	1,864	2,628
	7,848	11,699
Add: amounts deductible on cancellation of shares	334	690
Less: amounts receivable on creation of shares	(65)	(152)
Distributions	8,117	12,237

Details of the distributions are set out in the tables on pages 36 to 38.

b) Movement between net revenue and distribution

	2020 £'000	2019 £'000
Net revenue after taxation	8,057	12,238
Equalisation on conversions	59	-
Undistributed revenue brought forward	1	-
Undistributed revenue carried forward	-	(1)
Distributions	8,117	12,237

8 Debtors

	2020 £'000	2019 £'000
Accrued revenue	3,445	5,290
Amounts receivable for the issue of shares	161	725
Sales awaiting settlement	19	-
Debtors	3,625	6,015

Aegon Sterling Corporate Bond Fund

Notes to the Financial Statements (continued)

9 Cash and bank balances

	2020	2019
	£'000	£'000
Amounts held at futures clearing houses and brokers	335	916
Cash and bank balances	3,433	99
Money market deposits	-	1,220
Cash and bank balances	3,768	2,235

10 Other creditors

	2020	2019
	£'000	£'000
Accrued ACD periodic charge	80	174
Accrued other expenses	61	44
Amounts payable for cancellation of shares	476	2,499
Purchases awaiting settlement	1,077	-
Other creditors	1,694	2,717

11 Related parties

Related party interests in the sub-fund are disclosed in Note 6 of the Accounting Policies on page 17. Amounts due to the ACD as at year end for the ACD periodic charge and amounts due to the ACD for outstanding cancellations are disclosed in Note 10. Amounts receivable from the ACD as at year end for outstanding issue of shares are disclosed in Note 8. At the year-end 9.90% (2019: 7.63%) of the shares in issue were owned by AEGON Group or AEGON UK companies.

12 Contingent assets, liabilities and commitments

There were no contingent assets, liabilities or commitments present in the sub-fund as at 31 July 2020 (2019: Nil).

13 Financial instruments and risk

The risks associated with the sub-fund are market, concentration, valuation, yield, liquidity, counterparty, and interest rate risk. Narrative disclosures are on pages 15 to 17.

Analysis of investments by credit ratings

	2020		2019	
	Market value	Value of investments	Market value	Value of investments
	£'000	%	£'000	%
Investment grade	233,832	86.81	306,429	83.48
Below investment grade	10,707	3.98	27,905	7.61
Unrated	19,808	7.37	29,138	7.95
Derivatives	71	0.03	(611)	(0.17)
Portfolio of investments	264,418	98.19	362,861	98.87
Net other assets	4,872	1.81	4,153	1.13
Total net assets attributable to shareholders	269,290	100.00	367,014	100.00

Note - Investment grade securities are defined as securities with a Standard & Poor's, Moody's or Fitch's rating of BBB-, Baa3 and BBB- or above respectively.

Derivative risk

The sub-fund invests in derivatives, consistent with the investment objective of the sub-fund, as outlined in the derivative risks section on page 17.

Aegon Sterling Corporate Bond Fund

Notes to the Financial Statements (continued)

13 Financial instruments and risk (continued)

VaR Disclosure

The Manager assesses the market risk of the sub-fund's investments, including any derivative exposure, using a value at risk methodology. This process provides the Manager with an estimate of the maximum potential loss that could be expected to occur as a result of changes in market prices over a given period of time in all but a given percentage of circumstances. The value at risk is calculated on a 95.00% (2019: 95.00%) confidence interval with a one month time horizon and a five year history, using the Historical model. The sub-fund has an absolute VaR limit of 14.10% (2019: 14.10%). As at the balance sheet date, the sub-fund's value at risk is 2.31% (2019: 2.01%).

The following table details the lowest, highest and average utilisation of the VaR limit:

	Lowest Utilisation	Highest Utilisation	Average Utilisation
	(%)	(%)	(%)
31 July 2020	1.94	2.52	2.23
31 July 2019	1.80	2.13	1.98

Leverage

Average leverage is calculated as the sum of the net asset value and the incremental exposure generated through the use of derivatives (calculated in accordance with the commitment approach (Committee of European Securities Regulators ("CESR")/10-788)) divided by the net asset value. As at 31 July 2020 the average leverage was 4.81% (2019: 5.16%).

Counterparty risk

The risk of entering an arrangement with a counterparty, which is itself subject to financial risks which may affect its ability to trade as a going concern.

The ACD maintains a list of approved counterparties. This list is regularly monitored and revised for changes based on the counterparty's credit-worthiness, market reputation and expectations of future financial performance. Transactions will only be opened with financial intermediaries on the approved counterparties list.

The sub-fund's use of exchange traded derivatives are considered to be free of counterparty risk if the derivative is traded on an exchange where the clearing house is backed by an appropriate performance guarantee and it is characterised by a daily mark-to-market valuation of the derivative position and at least daily margining.

At 31 July 2020, the market value of the exchange traded derivatives held by the sub-fund was £71,000 (2019: £(611,000)).

The following details exposure to counterparties obtained through the use of derivatives:

As at 31 July 2020

Counterparty	Futures Exposure £'000	Collateral Pledge £'000
UBS	71	-

As at 31 July 2019

Counterparty	Futures Exposure £'000	Collateral Pledge £'000
UBS	-	-

Positive exposure represents the sub-fund's exposure to that counterparty and not the sub-fund's holdings with that counterparty.

Aegon Sterling Corporate Bond Fund

Notes to the Financial Statements (continued)

14 Portfolio transaction costs

Purchases

31 July 2020	Value £'000	Commissions £'000	%	Other Costs* £'000	%
Debt securities	92,140	-	-	-	-
Total	92,140	-		-	
Total purchases including transaction costs	92,140				
31 July 2019					
Debt securities	159,605	-	-	-	-
Total	159,605	-		-	
Total purchases including transaction costs	159,605				

Sales

31 July 2020	Value £'000	Commissions £'000	%	Other Costs* £'000	%
Debt securities	197,382	-	-	-	-
Total	197,382	-		-	
Total sales net of transaction costs	197,382				
31 July 2019					
Debt securities	253,693	-	-	-	-
Total	253,693	-		-	
Total sales net of transaction costs	253,693				

Derivatives

31 July 2020	Commissions £'000
Futures	4
31 July 2019	
Futures	5

*Other Costs includes taxes and any other costs other than commissions incurred by the sub-fund when buying and selling an underlying investment.

The purchases and sales are not subject to portfolio transaction costs.

Portfolio transaction costs are incurred by the sub-fund when buying and selling underlying investments. These vary depending on the class of investment, country of exchange and method of execution. These costs can be classified as either direct or indirect transaction costs:

- Direct transaction costs: Broker commissions, fees and taxes.
- Indirect transaction costs: 'Dealing spread' - the difference between the buying and selling prices of the sub-fund's underlying investments.

In order to protect existing investors from the effects of dilution, portfolio transaction costs incurred as a result of investors buying and selling shares in the sub-fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

At the balance sheet date, the portfolio dealing spread was 0.99% (2019: 0.77%), being the difference between the respective bid and offer prices for the sub-fund's investments.

Aegon Sterling Corporate Bond Fund

Notes to the Financial Statements (continued)

15 Fair value hierarchy

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The fair value hierarchy has the following levels:

Level 1 – Unadjusted quoted price in an active market for an identical instrument.

Level 2 – Valuation techniques using observable inputs other than quoted prices within level 1.

Level 3 – Valuation techniques using unobservable inputs.

Basis of valuation	2020		2019	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
1 - Unadjusted quoted prices	2,740	-	7,215	(611)
2 - Observable market data	261,678	-	356,165	-
3 - Unobservable data	-	-	92	-
	264,418	-	363,472	(611)

16 Share classes

The sub-fund currently has three share classes; A (Retail), B (Institutional) and S (Institutional). The ACD's periodic charge on each share class is as follows:

A share class: 1.00%
B share class*: 0.35%
S share class**: 0.25%

*The B share class ACD fee changed from 0.50% to 0.35% on 1 January 2020.

**The S share class ACD fee changed from 0.35% to 0.25% on 1 January 2020.

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative tables on pages 20 to 24. The distribution per share class is given in the distribution tables on pages 36 to 38. All share classes have the same rights on winding up.

Share class movement reconciliation

31 July 2020	Opening	Creations	Cancellations	Converted	Closing
A Accumulation	69,228,057	2,342,473	(19,199,245)	(41,485,677)	10,885,608
A Income	15,959,604	65,796	-	(15,245,248)	780,152
B Accumulation	134,905,376	14,447,136	(38,336,759)	39,698,856	150,714,609
B Income	293,205,614	4,325,213	(169,176,259)	17,425,700	145,780,268
D Accumulation*	873,790	12,310	(25,444)	(860,656)	-
D Income*	570,306	807	(104,712)	(466,401)	-
G Accumulation**	1,086,428	3,761	(1,090,189)	-	-
S Accumulation	2,224,194	276,420	(671,645)	-	1,828,969
S Income	79,403,060	2,834,549	(19,329,882)	-	62,907,727

*Share classes closed on 3 February 2020.

**Share class closed on 31 October 2019.

17 Post balance sheet events

The table below shows the net asset values per share as at the balance sheet date, compared against values as at 23 November 2020 and the percentage movement in that period:

Net assets per share			
	31 July 2020	23 November 2020	Movement
A Accumulation	86.39	87.71	1.53%
A Income	34.37	34.72	1.02%
B Accumulation	93.61	95.23	1.73%
B Income	34.99	35.36	1.06%
S Accumulation	112.59	114.58	1.77%
S Income	104.08	105.19	1.07%

Aegon Sterling Corporate Bond Fund

Distribution Tables

Share Class A Accumulation

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2018/19 Total Paid
31/10/19	31/12/19	Group 1	0.4746	N/A	0.4746	0.4797
		Group 2	0.3067	0.1679		
31/01/20	31/03/20	Group 1	0.4852	N/A	0.4852	0.4841
		Group 2	0.2260	0.2592		
30/04/20	30/06/20	Group 1	0.4693	N/A	0.4693	0.4640
		Group 2	0.2572	0.2121		
31/07/20	30/09/20	Group 1	0.4578	N/A	0.4578	0.4938
		Group 2	0.0789	0.3789		

Share Class A Income

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2018/19 Total Paid
31/10/19	31/12/19	Group 1	0.1931	N/A	0.1931	0.2000
		Group 2	0.0756	0.1175		
31/01/20	31/03/20	Group 1	0.1962	N/A	0.1962	0.2005
		Group 2	0.0693	0.1269		
30/04/20	30/06/20	Group 1	0.1904	N/A	0.1904	0.1911
		Group 2	0.0349	0.1555		
31/07/20	30/09/20	Group 1	0.1834	N/A	0.1834	0.2021
		Group 2	0.0699	0.1135		

Share Class B Accumulation

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2018/19 Total Paid
31/10/19	31/12/19	Group 1	0.6235	N/A	0.6235	0.6181
		Group 2	0.3516	0.2719		
31/01/20	31/03/20	Group 1	0.6486	N/A	0.6486	0.6229
		Group 2	0.3178	0.3308		
30/04/20	30/06/20	Group 1	0.6504	N/A	0.6504	0.6015
		Group 2	0.2966	0.3538		
31/07/20	30/09/20	Group 1	0.6451	N/A	0.6451	0.6408
		Group 2	0.2750	0.3701		

Share Class B Income

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2018/19 Total Paid
31/10/19	31/12/19	Group 1	0.2399	N/A	0.2399	0.2447
		Group 2	0.1192	0.1207		
31/01/20	31/03/20	Group 1	0.2476	N/A	0.2476	0.2448
		Group 2	0.1020	0.1456		
30/04/20	30/06/20	Group 1	0.2466	N/A	0.2466	0.2346
		Group 2	0.0865	0.1601		
31/07/20	30/09/20	Group 1	0.2429	N/A	0.2429	0.2481
		Group 2	0.1041	0.1388		

All distributions above are in pence per share unless specifically stated.

*Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being a capital repayment, it is not liable to income tax but must be deducted from the cost of the shares for capital gains tax purposes.

Aegon Sterling Corporate Bond Fund

Distribution Tables (continued)

Share Class D Accumulation**

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2018/19 Total Paid
31/10/19	31/12/19	Group 1	0.8707	N/A		
		Group 2	0.3769	0.4938	0.8707	0.8709
31/01/20	31/03/20	Group 1	0.8895	N/A		
		Group 2	0.2082	0.6813	0.8895	0.8783
30/04/20	30/06/20	Group 1	-	-	-	0.8451
		Group 2				
31/07/20	30/09/20	Group 1	-	-	-	0.9000
		Group 2				

Share Class D Income**

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2018/19 Total Paid
31/10/19	31/12/19	Group 1	0.7280	N/A		
		Group 2	0.2204	0.5076	0.7280	0.7482
31/01/20	31/03/20	Group 1	0.7394	N/A		
		Group 2	0.2211	0.5183	0.7394	0.7538
30/04/20	30/06/20	Group 1	-	-	-	0.7161
		Group 2				
31/07/20	30/09/20	Group 1	-	-	-	0.7576
		Group 2				

Share Class G Accumulation***

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2018/19 Total Paid
31/10/19	31/12/19	Group 1	-	-	-	1.3853
		Group 2				
31/01/20	31/03/20	Group 1	-	-	-	1.3961
		Group 2				
30/04/20	30/06/20	Group 1	-	-	-	1.3485
		Group 2				
31/07/20	30/09/20	Group 1	-	-	-	1.4363
		Group 2				

Share Class S Accumulation

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2018/19 Total Paid
31/10/19	31/12/19	Group 1	0.7897	N/A		
		Group 2	0.7897	0.0000	0.7897	0.7787
31/01/20	31/03/20	Group 1	0.8157	N/A		
		Group 2	0.5668	0.2489	0.8157	0.7851
30/04/20	30/06/20	Group 1	0.8085	N/A		
		Group 2	0.8085	0.0000	0.8085	0.7592
31/07/20	30/09/20	Group 1	0.8037	N/A		
		Group 2	0.8037	0.0000	0.8037	0.8090

All distributions above are in pence per share unless specifically stated.

*Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being a capital repayment, it is not liable to income tax but must be deducted from the cost of the shares for capital gains tax purposes.

**Share classes closed on 3 February 2020

***Share class closed on 31 October 2019.

Aegon Sterling Corporate Bond Fund

Distribution Tables (continued)

Share Class S Income						
Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2018/19 Total Paid
31/10/19	31/12/19	Group 1	0.7517	N/A	0.7517	0.7645
		Group 2	0.3462	0.4055		
31/01/20	31/03/20	Group 1	0.7711	N/A	0.7711	0.7648
		Group 2	0.3405	0.4306		
30/04/20	30/06/20	Group 1	0.7584	N/A	0.7584	0.7340
		Group 2	0.2568	0.5016		
31/07/20	30/09/20	Group 1	0.7495	N/A	0.7495	0.7761
		Group 2	0.3847	0.3648		

All distributions above are in pence per share unless specifically stated.

*Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being a capital repayment, it is not liable to income tax but must be deducted from the cost of the shares for capital gains tax purposes.

Aegon UK Equity Fund

Fund objective*

The investment objective is to provide a combination of income and capital growth over any 7 year period. At least 80% of the sub-fund will be invested in equities of companies which are listed, quoted or traded in UK markets or which have their headquarters or a significant part of their activities in the UK but which may also be quoted on a regulated market outside of the UK.

Risk profile

The sub-fund is designed for retail and institutional investors seeking pooled exposure to the UK equity market and who are comfortable with a higher level of investment risk. In most cases, we expect the sub-fund to be held as part of a diversified portfolio which may include other assets such as bonds, equities, property and cash. While investors will normally be able to liquidate their holdings on a daily basis, unit prices will fluctuate and may fall significantly in value. Consequently, it is important to understand that the sub-fund should be viewed as a longer term investment.

The sub-fund is actively managed and exposed to a range of risks, which are listed and defined in the Aegon Asset Management UK ICVC Prospectus. The most material risks from this list also appear in our Key Investor Information documents (KIID) where they are summarised in an easy-to-read format. You can find both of these documents on our website at www.aegonam.com.

Performance**

The Aegon UK Equity Fund returned (8.86)% compared to the peer group median return of (15.46)%. The peer group is the IA UK All Companies sector.

Strategy review***

Over the year equity markets experienced a rollercoaster ride with volatility spiking to unprecedented levels. The backdrop was relatively positive initially as encouraging economic data, coupled with low interest rates, boosted markets. However, the onset of the Covid-19 pandemic in the first quarter of 2020 led to an incredibly sharp sell-off in markets as economies were forced into lockdown. The subsequent efforts of both governments and central banks to support economies settled investor nerves to an extent and allowed markets to rally significantly up to the year-end.

Given the magnitude of the sharp sell-off seen in almost all areas of the market, the sub-fund posted a negative absolute return over the year. However, it managed to avoid many of the worst affected areas and, as a result, strongly outperformed the peer group median. Stock selection was the main driver of the relative outperformance, although sector allocation also added value.

Within sector allocation, our overweight positions in the technology, pharmaceutical and food producer sectors were positive as was the underweight position in banks and travel & leisure; in general many cyclical sectors struggled. These allocation impacts were partially offset by being underweight tobacco and utilities, given traditional defensive areas of the market tended to do well in the challenging conditions.

Among the best-performing stocks were a number of our global-growth plays, such as technology company Aveva, a global leader in engineering and industrial software, identity-management business GB Group and construction company Balfour Beatty. Our holding in S4 Capital (a provider of digital marketing services) was also a strong performer; the company benefited from customers accelerating their shift towards digital. Also adding value were holdings within defensive sectors and companies with products and business models that were less disrupted by the lockdowns introduced around the world. Examples included AstraZeneca, Hilton Food and Avon Rubber. Elsewhere, being underweight in HSBC and Royal Dutch Shell was also positive.

Outlook

Short term volatility could be a feature for the remainder of 2020. However, this can provide an opportunity for bottom-up investors and our overall, longer-term outlook is positive.

*Please note that the sub-fund's objective has been updated effective 7 September 2020. The latest update can be found in the sub-fund's prospectus at www.aegonam.com.

**Source: Lipper, % growth, income re-invested at pay date, NAV-NAV, GBP, net of Basic Rate Tax. Index returns are gross of Basic Rate Tax. Investors are invited to compare the sub-fund's performance against the performance of other funds within the Investment Association All UK Companies Sector. Comparison of the sub-fund against this Peer Group will give investors an indication of how the sub-fund is performing compared with funds investing in a similar but not identical investment universe. This comparison should be performed over at least a 7 year period to provide the most useful long term comparison.

***General references to markets and indices are to be considered as general market commentary only and (i) are not to be considered as a comparison of sub-fund performance against a benchmark (unless otherwise disclosed as such); and (ii) the index or indices do not operate as a performance target and the sub-fund's portfolio is not constrained by the index or indices.

Aegon UK Equity Fund

Material portfolio changes

Top ten purchases	31 July 2020 £'000	Top ten sales	31 July 2020 £'000
Bellway	3,803	Entertainment One	4,704
Anglo American	3,582	Aveva	4,009
easyJet	2,396	Diageo	3,567
CRH	2,226	Ashtead	3,481
Beazley	2,029	Unilever	3,171
Moneysupermarket.com	1,650	HSBC	2,844
4imprint	1,648	Royal Dutch Shell 'B'	2,505
Avast	1,608	Antofagasta	2,237
Coca-Cola	1,519	Informa	2,066
Gamma Communications	1,463	Keywords Studios	1,931

Aegon UK Equity Fund

Comparative Tables

A Accumulation shares	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	274.77	287.05	272.86
Return before operating charges*	(24.55)	(8.17)	18.50
Operating charges	(4.14)	(4.11)	(4.31)
Return after operating charges*	(28.69)	(12.28)	14.19
Distributions	(3.49)	(4.22)	(4.03)
Retained distributions on accumulation shares	3.49	4.22	4.03
Closing net asset value per share	246.08	274.77	287.05
 *after direct transaction costs of	 0.37	 0.81	 0.99
Performance			
Return after charges	(10.44)%	(4.28)%	5.20%
Other information			
Closing net asset value (£'000)	488	32,631	38,965
Closing number of shares	198,333	11,875,572	13,574,293
Operating charges	1.55%	1.56%	1.55%
Direct transaction costs	0.14%	0.31%	0.36%
Prices			
Highest share price	293.67	286.22	291.94
Lowest share price	187.59	234.39	259.58

A Income shares**	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	148.70	157.77	152.10
Return before operating charges*	(22.15)	(4.49)	10.33
Operating charges	(1.66)	(2.26)	(2.41)
Return after operating charges*	(23.81)	(6.75)	7.92
Distributions	-	(2.32)	(2.25)
Retained distributions on accumulation shares	-	-	-
Redemption value	(124.89)	-	-
Closing net asset value per share	-	148.70	157.77
 *after direct transaction costs of	 0.20	 0.45	 0.55
Performance			
Return after charges	(16.01)%	(4.28)%	5.21%
Other information			
Closing net asset value (£'000)	-	522	554
Closing number of shares	-	351,249	351,210
Operating charges	-	1.56%	1.55%
Direct transaction costs	-	0.31%	0.36%
Prices			
Highest share price	158.93	157.32	162.74
Lowest share price	101.52	128.83	144.70

Highest and Lowest share prices are based on official published daily NAVs priced at 12 noon on the last business day of the year. The closing net asset value per share is at close of business.

**Share class closed on 24 April 2020.

Aegon UK Equity Fund

Comparative Tables (continued)

B Accumulation shares	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	314.61	325.73	306.86
Return before operating charges*	(28.33)	(9.14)	20.92
Operating charges	(1.97)	(1.98)	(2.05)
Return after operating charges*	(30.30)	(11.12)	18.87
Distributions	(6.72)	(7.51)	(7.38)
Retained distributions on accumulation shares	6.72	7.51	7.38
Closing net asset value per share	284.31	314.61	325.73
 *after direct transaction costs of	 0.42	 0.92	 1.12
Performance			
Return after charges	(9.63)%	(3.41)%	6.15%
Other information			
Closing net asset value (£'000)	162,020	162,778	188,638
Closing number of shares	56,986,888	51,738,979	57,912,670
Operating charges	0.65%	0.66%	0.65%
Direct transaction costs	0.14%	0.31%	0.36%
Prices			
Highest share price	337.67	324.87	330.71
Lowest share price	216.03	266.95	293.62

B Income shares	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	1,417.26	1,503.16	1,448.84
Return before operating charges*	(127.32)	(42.08)	98.82
Operating charges	(8.83)	(9.15)	(9.67)
Return after operating charges*	(136.15)	(51.23)	89.15
Distributions	(30.22)	(34.67)	(34.83)
Retained distributions on accumulation shares	-	-	-
Closing net asset value per share	1,250.89	1,417.26	1,503.16
 *after direct transaction costs of	 1.89	 4.26	 5.26
Performance			
Return after charges	(9.61)%	(3.41)%	6.15%
Other information			
Closing net asset value (£'000)	1,345	1,166	1,516
Closing number of shares	107,541	82,298	100,857
Operating charges	0.65%	0.66%	0.65%
Direct transaction costs	0.14%	0.31%	0.36%
Prices			
Highest share price	1,521.10	1,499.18	1,561.46
Lowest share price	973.16	1,231.94	1,386.35

Highest and Lowest share prices are based on official published daily NAVs priced at 12 noon on the last business day of the year. The closing net asset value per share is at close of business.

Aegon UK Equity Fund

Comparative Tables (continued)

D Accumulation shares***	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	159.56	165.86	156.88
Return before operating charges*	6.34	(4.68)	10.66
Operating charges	(0.91)	(1.62)	(1.68)
Return after operating charges*	5.43	(6.30)	8.98
Distributions	-	(3.21)	(3.12)
Retained distributions on accumulation shares	-	3.21	3.12
Redemption value	(164.99)	-	-
Closing net asset value per share	-	159.56	165.86
 *after direct transaction costs of	 0.23	 0.47	 0.57
Performance			
Return after charges	3.40%	(3.80)%	5.72%
Other information			
Closing net asset value (£'000)	-	101	192
Closing number of shares	-	63,037	115,382
Operating charges	-	1.06%	1.05%
Direct transaction costs	-	0.31%	0.36%
Prices			
Highest share price	170.93	165.41	168.53
Lowest share price	150.62	135.71	149.73

D Income shares***	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	139.87	148.37	143.02
Return before operating charges*	5.56	(4.18)	9.74
Operating charges	(0.80)	(1.45)	(1.54)
Return after operating charges*	4.76	(5.63)	8.20
Distributions	-	(2.87)	(2.85)
Retained distributions on accumulation shares	-	-	-
Redemption value	(144.63)	-	-
Closing net asset value per share	-	139.87	148.37
 *after direct transaction costs of	 0.20	 0.42	 0.52
Performance			
Return after charges	3.40%	(3.79)%	5.73%
Other information			
Closing net asset value (£'000)	-	15	15
Closing number of shares	-	10,502	10,278
Operating charges	-	1.06%	1.05%
Direct transaction costs	-	0.31%	0.36%
Prices			
Highest share price	149.84	147.96	153.64
Lowest share price	132.03	121.40	136.50

Highest and Lowest share prices are based on official published daily NAVs priced at 12 noon on the last business day of the year. The closing net asset value per share is at close of business.

***Share classes closed on 3 February 2020.

Aegon UK Equity Fund

Comparative Tables (continued)

E Accumulation shares****	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	163.68	170.99	162.53
Return before operating charges*	(0.81)	(4.86)	11.03
Operating charges	(0.69)	(2.45)	(2.57)
Return after operating charges*	(1.50)	(7.31)	8.46
Distributions	-	(2.52)	(2.41)
Retained distributions on accumulation shares	-	2.52	2.41
Redemption value	(162.18)	-	-
Closing net asset value per share	-	163.68	170.99
 *after direct transaction costs of	 0.22	 0.48	 0.59
Performance			
Return after charges	(0.92)%	(4.28)%	5.21%
Other information			
Closing net asset value (£'000)	-	48	50
Closing number of shares	-	29,438	29,438
Operating charges	-	1.56%	1.55%
Direct transaction costs	-	0.31%	0.36%
Prices (Euros)	(c/share)	(c/share)	(c/share)
Highest share price	188.16	189.88	198.62
Lowest share price	167.47	154.82	173.87

Highest and Lowest share prices are based on official published daily NAVs priced at 12 noon on the last business day of the year. The closing net asset value per share is at close of business.

****Share class closed on 31 October 2019.

Aegon UK Equity Fund

Portfolio Statement

The sub-fund's investments as at 31 July 2020

Holding	Investment	Market valuation £'000	Total net assets %
Equities 98.86% (31 July 2019 98.78%)			
Basic Materials 9.19% (31 July 2019 9.22%)			
179,670	Anglo American	3,360	2.05
1,330,418	Glencore	2,323	1.42
129,896	Rio Tinto	5,994	3.66
1,166,284	Synthomer	3,380	2.06
		15,057	9.19
Consumer Goods 14.91% (31 July 2019 16.11%)			
122,822	Bellway	3,126	1.91
78,282	Britvic	625	0.38
85,248	Burberry	1,067	0.65
144,219	Coca-Cola	2,887	1.76
260,513	Diageo	7,296	4.45
278,731	Hilton Food	3,066	1.87
18,945	Reckitt Benckiser	1,460	0.89
295,405	Tate & Lyle	1,923	1.18
887,661	Taylor Wimpey	1,050	0.64
86,088	Team17	523	0.32
30,638	Unilever	1,401	0.86
		24,424	14.91
Consumer Services 12.30% (31 July 2019 11.15%)			
53,427	4imprint	1,269	0.78
286,097	Ascential	772	0.47
139,245	Euromoney Institutional Investor	1,104	0.68
97,727	JD Wetherspoon	825	0.50
36,574	Just Eat	3,017	1.84
464,592	Moneysupermarket.com	1,365	0.83
275,285	RELX	4,444	2.71
1,815,464	S4 Capital	6,245	3.81
592,113	Wm Morrison Supermarkets	1,106	0.68
		20,147	12.30
Financials 16.15% (31 July 2019 16.46%)			
896,617	Barclays	901	0.55
380,423	Beazley	1,587	0.97
1,371,259	Foxtons	488	0.30
97,450	Hiscox	761	0.46
441,820	HSBC	1,512	0.92
201,840	IntegraFin	1,092	0.67
2,263,416	Just	1,014	0.62
50,317	London Stock Exchange	4,268	2.60
723,845	Phoenix	4,766	2.91
386,827	Prudential	4,274	2.61
1,178,432	Secure Income REIT*	3,099	1.89
386,753	Standard Chartered	1,492	0.91
1,356,618	Triam Investors 1	1,214	0.74
		26,468	16.15
Health Care 14.98% (31 July 2019 11.67%)			
162,677	AstraZeneca	13,875	8.47
93,048	Dechra Pharmaceuticals	2,656	1.62
334,324	GlaxoSmithKline	5,114	3.12
134,827	HIKMA Pharmaceutical	2,897	1.77
		24,542	14.98

Aegon UK Equity Fund

Portfolio Statement (continued)

Holding	Investment	Market valuation £'000	Total net assets %
Industrials 16.97% (31 July 2019 14.53%)			
83,623	Avon Rubber	2,772	1.69
658,424	BAE Systems	3,227	1.97
1,535,026	Balfour Beatty	3,690	2.25
278,009	Bodycote	1,564	0.95
76,172	Clarkson	1,562	0.95
92,900	CRH	2,569	1.57
57,378	Ferguson	3,896	2.38
588,220	Forterra	912	0.56
106,702	Hill & Smith	1,289	0.79
362,765	Ienergizer	954	0.58
206,031	Knights	846	0.52
402,530	Rentokil Initial	2,149	1.31
1,143,275	Strix	2,384	1.45
634,447	TMO Renewables**	-	-
		27,814	16.97
Oil & Gas 5.18% (31 July 2019 11.46%)			
1,161,475	BP	3,195	1.95
675,851	Cairn Energy	808	0.49
1,104,985	Diversified Gas & Oil	1,064	0.65
293,565	Great Eastern Energy GDR***	36	0.02
131,602	Indus Gas	261	0.16
140,091	Royal Dutch Shell 'A'	1,571	0.96
144,510	Royal Dutch Shell 'B'	1,562	0.95
		8,497	5.18
Technology 6.84% (31 July 2019 6.89%)			
389,948	Avast	2,238	1.37
71,722	Aveva	2,973	1.81
33,934	Blue Prism	394	0.24
839,369	GB Group	5,599	3.42
		11,204	6.84
Telecommunications 2.34% (31 July 2019 1.29%)			
130,666	Gamma Communications	2,058	1.25
1,540,401	Vodafone	1,780	1.09
		3,838	2.34
Portfolio of investments****		161,991	98.86
Net other assets		1,862	1.14
Total net assets attributable to shareholders		163,853	100.00

The comparative percentage figures in brackets are at 31 July 2019.

All investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market, unless otherwise stated.

As all holdings are equity shares there is no analysis of the portfolio by asset class.

*Real Estate Investment Trust.

**Unlisted, suspended and delisted.

***Global Depositary Receipt

**** The market value of the exchange traded derivatives held by the sub-fund was Nil (2019: £11,000).

Aegon UK Equity Fund

Statement of Total Return for the year ended 31 July 2020

			2020		2019
	Note	£'000	£'000	£'000	£'000
Income					
Net capital losses	2		(21,484)		(13,878)
Revenue	3	5,273		6,435	
Expenses	4	(1,378)		(1,643)	
Interest payable and similar charges		(1)		(2)	
Net revenue before taxation		3,894		4,790	
Taxation	5	(60)		(34)	
Net revenue after taxation			3,834		4,756
Total return before distributions			(17,650)		(9,122)
Distributions	6		(4,037)		(4,757)
Change in net assets attributable to shareholders from investment activities			(21,687)		(13,879)

Statement of Change in Net Assets Attributable to Shareholders for the year ended 31 July 2020

		2020		2019
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		197,261		229,930
Amounts receivable on issue of shares	2,772		3,423	
Amounts payable on cancellation of shares	(18,380)		(26,675)	
		(15,608)		(23,252)
Dilution adjustment		53		70
Change in net assets attributable to shareholders from investment activities		(21,687)		(13,879)
Retained distribution on accumulation shares		3,834		4,392
Closing net assets attributable to shareholders		163,853		197,261

Aegon UK Equity Fund

Balance Sheet as at 31 July 2020

			2020		2019
	Note	£'000	£'000	£'000	£'000
Assets					
Fixed assets:					
Investments			161,991		194,864
Current assets:					
Debtors	7	223		1,394	
Cash and bank balances	8	2,308		1,612	
			2,531		3,006
Total assets			164,522		197,870
Liabilities					
Creditors					
Distributions payable		32		37	
Other creditors	9	637		572	
Total liabilities			669		609
Net assets attributable to shareholders			163,853		197,261

Aegon UK Equity Fund

Notes to the Financial Statements

1 Accounting policies

The sub-fund's financial statements have been prepared on the basis disclosed on pages 12 to 14.

2 Net capital losses

Net capital losses comprise:

	2020	2019
	£'000	£'000
Losses on non-derivative securities	(21,368)	(13,794)
Currency exchange (losses)/gains	(30)	1
Losses on derivative securities	(84)	(82)
Transaction charges	(2)	(3)
Net capital losses	(21,484)	(13,878)

3 Revenue

	2020	2019
	£'000	£'000
UK dividends	4,936	6,167
Non-taxable overseas dividends	110	97
Property income from REITs	223	159
Bank interest	4	12
Total revenue	5,273	6,435

4 Expenses*

	2020	2019
	£'000	£'000
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	1,283	1,524
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary fee	37	49
Other expenses:		
Audit fee**	9	9
FT publishing fee	4	4
KIID fees	1	-
Legal fees	4	-
PRIIPs fees	1	4
Registrar's fee	33	45
Safe custody charge	6	8
	58	70
Total expenses	1,378	1,643

*All expenditure stated above is inclusive of irrecoverable VAT where applicable.

**The audit fee (excluding VAT) incurred during the year was £8,500 (2019: £7,715).

5 Taxation

a) Analysis of charge in the year

	2020	2019
	£'000	£'000
Current tax:		
Overseas tax suffered	60	34
Total tax charge for the year (see note 5 (b))	60	34

Aegon UK Equity Fund

Notes to the Financial Statements (continued)

5 Taxation (continued)

b) Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019: lower than) the standard rate of corporation tax for Open Ended Investment Companies 'OEICs' (20%).

The differences are explained below:

	2020	2019
	£'000	£'000
Net revenue before taxation	3,894	4,790
Corporation tax 20% (2019: 20%)	779	958
Effects of:		
Movement in excess expenses	228	295
Overseas tax suffered	60	34
RDR conversion transfer from capital	2	-
Revenue not subject to taxation	(1,009)	(1,253)
Total tax charge for the year (see note 5 (a))	60	34

c) Factors that may affect future tax charges

After claiming relief against accrued revenue taxable on receipt, the sub-fund has unrelieved excess expenses of £64,816,000 (2019: £63,676,000). It is unlikely that the sub-fund will generate sufficient taxable profits in the future to utilise these expenses and therefore a deferred tax asset of £12,963,000 (2019: £12,735,000) has not been recognised.

6 Distributions

a) Distributions

The distributions take account of amounts receivable on the issue of shares and amounts deductible on the cancellation of shares, and comprise:

	2020	2019
	£'000	£'000
Final distribution	3,866	4,429
	3,866	4,429
Add: amounts deductible on cancellation of shares	208	369
Less: amounts receivable on creation of shares	(37)	(41)
Distributions	4,037	4,757

Details of the distributions are set out in the tables on page 54.

b) Movement between net revenue and distribution

	2020	2019
	£'000	£'000
Net revenue after taxation	3,834	4,756
Equalisation on conversions	203	1
Distributions	4,037	4,757

7 Debtors

	2020	2019
	£'000	£'000
Accrued revenue	201	162
Amounts receivable for the issue of shares	18	216
Sales awaiting settlement	-	1,009
Reclaimable overseas tax	4	7
Debtors	223	1,394

8 Cash and bank balances

	2020	2019
	£'000	£'000
Cash and bank balances	2,308	206
Amounts held at futures clearing houses and brokers	-	69
Money market deposits	-	1,337
Cash and bank balances	2,308	1,612

Aegon UK Equity Fund

Notes to the Financial Statements (continued)

9 Other creditors

	2020	2019
	£'000	£'000
Accrued ACD periodic charge	86	126
Accrued other expenses	46	37
Amounts payable for cancellation of shares	189	409
Purchases awaiting settlement	316	-
Other creditors	637	572

10 Related parties

Related party interests in the sub-fund are disclosed in Note 6 of the Accounting Policies on page 17. Amounts due to the ACD as at year end for the ACD periodic charge and amounts due to the ACD for outstanding cancellations are disclosed in Note 9. Amounts receivable from the ACD as at year end for outstanding issue of shares are disclosed in Note 7. At the year-end 77.59% (2019: 77.05%) of the shares in issue were owned by AEGON Group or AEGON UK companies.

11 Contingent assets, liabilities and commitments

There were no contingent assets, liabilities or commitments present in the sub-fund as at 31 July 2020 (2019: Nil).

12 Financial instruments and risk

The risks associated with the sub-fund are market, concentration, valuation, yield, liquidity, counterparty, and interest rate risk. Narrative disclosures are on pages 15 to 17.

VaR Disclosure

The Manager assesses the market risk of the sub-fund's investments, including any derivative exposure, using a value at risk methodology. This process provides the Manager with an estimate of the maximum potential loss that could be expected to occur as a result of changes in market prices over a given period of time in all but a given percentage of circumstances. The value at risk is calculated on a 95.00% (2019: 95.00%) confidence interval with a one month time horizon and a five year history, using the Historical model. The sub-fund has an absolute VaR limit of 14.10% (2019: 14.10%). As at the balance sheet date, the sub-fund's value at risk is 5.92% (2019: 5.59%).

The following table details the lowest, highest and average utilisation of the VaR limit:

	Lowest Utilisation (%)	Highest Utilisation (%)	Average Utilisation (%)
31 July 2020	4.72	6.05	5.34
31 July 2019	4.59	5.85	5.42

Leverage

As the sub-fund has had immaterial trading in derivatives throughout the year there is no significant exposure to leverage.

Counterparty risk

The risk of entering an arrangement with a counterparty, which is itself subject to financial risks which may affect its ability to trade as a going concern.

The ACD maintains a list of approved counterparties. This list is regularly monitored and revised for changes based on the counterparty's credit-worthiness, market reputation and expectations of future financial performance. Transactions will only be opened with financial intermediaries on the approved counterparties list.

The sub-fund's use of exchange traded derivatives are considered to be free of counterparty risk if the derivative is traded on an exchange where the clearing house is backed by an appropriate performance guarantee and it is characterised by a daily mark-to-market valuation of the derivative position and at least daily margining.

At 31 July 2020, the market value of the exchange traded derivatives held by the sub-fund was Nil (2019: £11,000).

The following details exposure to counterparties obtained through the use of derivatives:

As at 31 July 2020

Counterparty	Futures Exposure £'000	Collateral Pledge £'000
UBS	-	-

There are no derivatives held at the balance sheet date.

Aegon UK Equity Fund

Notes to the Financial Statements (continued)

12 Financial instruments and risk (continued)

As at 31 July 2019

Counterparty	Futures Exposure £'000	Collateral Pledge £'000
UBS	11	-

Positive exposure represents the sub-fund's exposure to that counterparty and not the sub-fund's holdings with that counterparty.

13 Portfolio transaction costs

Purchases

31 July 2020	Value £'000	Commissions £'000	%	Other Costs* £'000	%
Equities	44,667	30	0.07	184	0.41
Total	44,667	30		184	
Total purchases including transaction costs	44,881				

31 July 2019	Value £'000	Commissions £'000	%	Other Costs* £'000	%
Equities	108,028	68	0.06	464	0.43
Total	108,028	68		464	
Total purchases including transaction costs	108,560				

Sales

31 July 2020	Value £'000	Commissions £'000	%	Other Costs* £'000	%
Equities	56,411	(36)	0.06	-	-
Total	56,411	(36)		-	
Total sales net of transaction costs	56,375				

31 July 2019	Value £'000	Commissions £'000	%	Other Costs* £'000	%
Equities	126,021	(86)	0.07	(1)	-
Total	126,021	(86)		(1)	
Total sales net of transaction costs	125,934				

Derivatives

31 July 2020	Commissions £'000
Futures	-

31 July 2019	Commissions £'000
Futures	1

*Other Costs includes taxes and any other costs other than commissions incurred by the sub-fund when buying and selling an underlying investment.

Portfolio transaction costs are incurred by the sub-fund when buying and selling underlying investments. These vary depending on the class of investment, country of exchange and method of execution. These costs can be classified as either direct or indirect transaction costs:

- Direct transaction costs: Broker commissions, fees and taxes.
- Indirect transaction costs: 'Dealing spread' - the difference between the buying and selling prices of the sub-fund's underlying investments.

In order to protect existing investors from the effects of dilution, portfolio transaction costs incurred as a result of investors buying and selling shares in the sub-fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

At the balance sheet date, the portfolio dealing spread was 0.16% (2019: 0.13%), being the difference between the respective bid and offer prices for the sub-fund's investments.

Aegon UK Equity Fund

Notes to the Financial Statements (continued)

14 Fair value hierarchy

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The fair value hierarchy has the following levels:

Level 1 – Unadjusted quoted price in an active market for an identical instrument.

Level 2 – Valuation techniques using observable inputs other than quoted prices within level 1.

Level 3 – Valuation techniques using unobservable inputs.

Basis of valuation	2020		2019	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
1 - Unadjusted quoted prices	161,991	-	194,864	-
2 - Observable market data	-	-	-	-
3 - Non-observable data	-	-	-	-
	161,991	-	194,864	-

15 Share classes

The sub-fund currently has two share classes and A (Retail) and B (Institutional). The ACD's periodic charge on each share class is as follows:

A share class: 1.50%

B share class: 0.60%

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative tables on pages 41 to 44. The distribution per share class is given in the distribution tables on page 54. All share classes have the same rights on winding up.

Share class movement reconciliation

31 July 2020	Opening	Creations	Cancellations	Converted	Closing
A Accumulation	11,875,572	25,270	(251,425)	(11,451,084)	198,333
A Income*	351,249	29,165	-	(380,414)	-
B Accumulation	51,738,979	887,144	(5,605,480)	9,966,245	56,986,888
B Income	82,298	4,535	(19,999)	40,707	107,541
D Accumulation**	63,037	-	(956)	(62,081)	-
D Income**	10,502	214	-	(10,716)	-
E Accumulation***	29,438	-	(29,438)	-	-

*Share class closed on 24 April 2020.

**Share classes closed on 3 February 2020.

***Share class closed on 31 October 2019.

16 Post balance sheet events

The table below shows the net asset values per share as at the balance sheet date, compared against values as at 23 November 2020 and the percentage movement in that period:

Net assets per share

	31 July 2020	23 November 2020	Movement
A Accumulation	246.08	272.48	10.73%
B Accumulation	284.31	315.71	11.04%
B Income	1,250.89	1,389.01	11.04%

Following the COVID-19 outbreak there has been an on-going period of high volatility in global financial markets. As a result, we have witnessed significant movements in the net asset value of the sub-fund since the balance sheet date. During the period from the balance sheet date to 23 November 2020, the net asset value per B Accumulation share has increased by 11.04%.

Aegon UK Equity Fund

Distribution Tables

Share Class A Accumulation

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2019 Total Paid
31/07/20	30/11/20	Group 1	3.4895	N/A		
		Group 2	1.0964	2.3931	3.4895	4.2235

Share Class A Income**

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2019 Total Paid
31/07/20	30/11/20	Group 1	-	-	-	2.3216
		Group 2				

Share Class B Accumulation

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2019 Total Paid
31/07/20	30/11/20	Group 1	6.7150	N/A		
		Group 2	1.7740	4.9410	6.7150	7.5137

Share Class B Income

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2019 Total Paid
31/07/20	30/11/20	Group 1	30.2183	N/A		
		Group 2	8.2593	21.9590	30.2183	34.6738

Share Class D Accumulation***

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2019 Total Paid
31/07/20	30/11/20	Group 1	-	-	-	3.2088
		Group 2				

Share Class D Income***

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2019 Total Paid
31/07/20	30/11/20	Group 1	-	-	-	2.8745
		Group 2				

Share Class E Accumulation (Euros)****

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2019 Total Paid
31/07/20	30/11/20	Group 1	-	-	-	2.7686
		Group 2				

All distributions above are in pence per share unless specifically stated.

*Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being a capital repayment, it is not liable to income tax but must be deducted from the cost of the shares for capital gains tax purposes.

**Share class closed on 24 April 2020.

***Share classes closed on 3 February 2020.

****Share class closed on 31 October 2019.

Aegon UK Equity Income Fund

Fund objective*

The investment objective is to achieve an income return along with the potential for some long-term (more than 7 years) capital growth. At least 80% of the sub-fund will be invested in equities of companies which are listed, quoted or traded in UK markets or which have their headquarters or a significant part of their activities in the UK but which may also be quoted on a regulated market outside of the UK. The sub-fund may also invest, at the managers' discretion, in a selection of fixed income assets, cash and near cash and derivative instruments. In addition, the sub-fund can also invest up to 20% of its Net Asset Value in equities of non-UK companies. However, any such investments would not be hedged and rather the currency risk would be a specific part of the investment decision.

Risk profile

The sub-fund is designed for retail and institutional investors seeking pooled exposure to the UK equity market and who are comfortable with a higher level of investment risk. In most cases, we expect the sub-fund to be held as part of a diversified portfolio which may include other assets such as bonds, equities, property and cash. While investors will normally be able to liquidate their holdings on a daily basis, unit prices will fluctuate and may fall significantly in value. Consequently, it is important to understand that the sub-fund should be viewed as a longer term investment.

The sub-fund is actively managed and exposed to a range of risks, which are listed and defined in the Aegon Asset Management UK ICVC Prospectus. The most material risks from this list also appear in our Key Investor Information documents (KIID) where they are summarised in an easy-to-read format. You can find both of these documents on our website at www.aegonam.com.

Performance**

The Aegon UK Equity Income Fund returned (15.44)% compared to the peer group median return of (18.45)%. The peer group is the Investment Association UK Equity Income sector.

Strategy review***

Over the year equity markets experienced a rollercoaster ride with volatility spiking to unprecedented levels. The backdrop was relatively positive initially as encouraging economic data, coupled with low interest rates, boosted markets. However, the onset of the Covid-19 pandemic in the first quarter of 2020 led to an incredibly sharp sell-off in markets as economies were forced into lockdown. The subsequent efforts of both governments and central banks to support economies settled investor nerves to an extent and allowed markets to rally significantly up to the year-end.

One area of the market that came under significant pressure during the pandemic was equity income. Many companies that traditionally pay out regular dividends to investors were forced to cut or suspend these payments given the unprecedented lockdown of economies. This development was a key driver of the sub-fund's negative absolute return over the year. However, we did manage to avoid some of the worst affected areas and, combined with disciplined stock selection, this helped the sub-fund to outperform the peer group median over the year as a whole.

Given our income strategy, we generally positioned the sub-fund with an overweight to defensive yield areas of the UK equity market and focused on good quality companies with strong cash generative businesses. During the first half of the year, however, we did increase the sub-fund's exposure to both our domestic and cyclical exposures. The subsequent general election result towards the end of 2019 was therefore a big boost for many of our holdings. For example, our exposure to utility companies Pennon and SSE, and life insurance stock Phoenix, performed very well following the result.

As we moved into 2020 and the backdrop deteriorated, our exposure to defensive sectors proved beneficial, including our overweight exposure to utilities and pharmaceuticals. Many of the stocks we held, however, were significantly impacted by the sell-off. This included our holding in consumer goods stock Unilever and food retailer Greggs. While we held an overweight position in the pharmaceutical sector, our underweight exposure to AstraZeneca detracted. Similarly, our underweight exposure to the oil & gas sector added value given the sharp fall seen in the oil price. Our underweight exposure to Royal Dutch Shell therefore added value, but our overweight in BP detracted.

As the backdrop improved following the interventions from governments and central banks, many of our holdings rallied. Miner Rio Tinto, for example, benefited due to data showing a strong recovery in Chinese industrial output.

We continue to focus on defensive yield from good quality companies with strong cash generative businesses.

Outlook

Short term volatility could be a feature for the remainder of 2020. However, this can provide an opportunity for bottom-up investors and our overall, longer-term outlook is positive.

*Please note that the sub-fund's objective has been updated effective 7 September 2020. The latest update can be found in the sub-fund's prospectus at www.aegonam.com.

**Source: Lipper, % growth, income re-invested at pay date, NAV-NAV, GBP, net of Basic Rate Tax. Index returns are gross of Basic Rate Tax. Investors are invited to compare the sub-fund's performance against the performance of other funds within the Investment Association UK Equity Income Sector. Comparison of the sub-fund against this Peer Group will give investors an indication of how the sub-fund is performing compared with funds investing in a similar but not identical investment universe. This comparison should be performed over at least a 7 year period to provide the most useful long term comparison.

***General references to markets and indices are to be considered as general market commentary only and (i) are not to be considered as a comparison of sub-fund performance against a benchmark (unless otherwise disclosed as such); and (ii) the index or indices do not operate as a performance target and the sub-fund's portfolio is not constrained by the index or indices.

Aegon UK Equity Income Fund

Material portfolio changes			
Top ten purchases	31 July 2020	Top ten sales	31 July 2020
	£'000		£'000
Anglo American	2,536	Royal Dutch Shell 'A'	1,388
BP	1,532	BHP Billiton	1,305
John Laing	1,307	Unilever	1,022
Rio Tinto	1,124	Compass	841
Auto Trader	876	Pennon	836
Ashtead	837	HSBC	750
M&G	693	Entertainment One	748
RELX	678	SSE	653
Morgan Advanced Materials	676	John Laing	652
Berkeley	584	Vesuvius	606

Aegon UK Equity Income Fund

Comparative Tables

A Accumulation shares*	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	250.30	254.15	243.42
Return before operating charges**	(46.33)	(0.03)	14.63
Operating charges	(2.90)	(3.82)	(3.90)
Return after operating charges**	(49.23)	(3.85)	10.73
Distributions	(4.87)	(11.33)	(11.47)
Retained distributions on accumulation shares	4.87	11.33	11.47
Redemption value	(201.07)	-	-
Closing net asset value per share	-	250.30	254.15
**after direct transaction costs of	0.47	0.36	0.55
Performance			
Return after charges	(19.67)%	(1.51)%	4.41%
Other information			
Closing net asset value (£'000)	-	7,221	7,364
Closing number of shares	-	2,884,897	2,897,452
Operating charges	-	1.59%	1.58%
Direct transaction costs	-	0.15%	0.22%
Prices			
Highest share price	268.00	255.53	260.48
Lowest share price	168.39	215.19	230.64

A Income shares*	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	163.45	173.94	174.49
Return before operating charges**	(29.65)	(0.29)	10.29
Operating charges	(1.88)	(2.57)	(2.75)
Return after operating charges**	(31.53)	(2.86)	7.54
Distributions	(3.17)	(7.63)	(8.09)
Retained distributions on accumulation shares	-	-	-
Redemption value	(128.75)	-	-
Closing net asset value per share	-	163.45	173.94
**after direct transaction costs of	0.30	0.24	0.38
Performance			
Return after charges	(19.29)%	(1.64)%	4.32%
Other information			
Closing net asset value (£'000)	-	4,711	5,048
Closing number of shares	-	2,882,403	2,902,027
Operating charges	-	1.59%	1.58%
Direct transaction costs	-	0.15%	0.22%
Prices			
Highest share price	172.37	174.88	179.91
Lowest share price	107.83	145.28	162.28

Highest and Lowest share prices are based on official published daily NAVs priced at 12 noon on the last business day of the year. The closing net asset value per share is at close of business.

*Share classes closed on 26 April 2020.

Aegon UK Equity Income Fund

Comparative Tables (continued)

B Accumulation shares	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	267.27	268.96	255.29
Return before operating charges**	(41.39)	0.08	15.43
Operating charges	(1.75)	(1.77)	(1.76)
Return after operating charges**	(43.14)	(1.69)	13.67
Distributions	(9.80)	(12.04)	(12.08)
Retained distributions on accumulation shares	9.80	12.04	12.08
Closing net asset value per share	224.13	267.27	268.96
 **after direct transaction costs of	 0.48	 0.38	 0.58
Performance			
Return after charges	(16.14)%	(0.63)%	5.35%
Other information			
Closing net asset value (£'000)	35,022	34,778	35,052
Closing number of shares	15,625,476	13,012,012	13,032,684
Operating charges	0.69%	0.69%	0.68%
Direct transaction costs	0.19%	0.15%	0.22%
Prices			
Highest share price	287.43	271.63	275.19
Lowest share price	180.84	228.57	243.30

B Income shares	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	174.55	184.09	183.01
Return before operating charges**	(26.57)	(0.24)	10.85
Operating charges	(1.11)	(1.19)	(1.25)
Return after operating charges**	(27.68)	(1.43)	9.60
Distributions	(6.31)	(8.11)	(8.52)
Retained distributions on accumulation shares	-	-	-
Closing net asset value per share	140.56	174.55	184.09
 **after direct transaction costs of	 0.31	 0.26	 0.41
Performance			
Return after charges	(15.86)%	(0.78)%	5.25%
Other information			
Closing net asset value (£'000)	8,902	6,373	6,673
Closing number of shares	6,333,284	3,651,345	3,625,233
Operating charges	0.69%	0.69%	0.68%
Direct transaction costs	0.19%	0.15%	0.22%
Prices			
Highest share price	184.89	185.13	190.08
Lowest share price	115.82	154.33	171.20

Highest and Lowest share prices are based on official published daily NAVs priced at 12 noon on the last business day of the year. The closing net asset value per share is at close of business.

Aegon UK Equity Income Fund

Portfolio Statement

The sub-fund's investments as at 31 July 2020

Holding	Investment	Market valuation £'000	Total net assets %
Equities 96.98% (31 July 2019 96.45%)			
Basic Materials 9.86% (31 July 2019 6.83%)			
92,944	Anglo American	1,738	3.96
58,575	Mondi	798	1.82
38,868	Rio Tinto	1,794	4.08
		4,330	9.86
Consumer Goods 13.94% (31 July 2019 14.20%)			
25,217	Bellway	642	1.46
14,339	Berkeley	639	1.46
30,686	British American Tobacco	775	1.76
90,250	Britvic	720	1.64
40,471	Coca-Cola	810	1.84
34,566	Diageo	968	2.20
11,485	Reckitt Benckiser	885	2.02
577,700	Taylor Wimpey	683	1.56
		6,122	13.94
Consumer Services 9.49% (31 July 2019 11.89%)			
147,410	Auto Trader	791	1.80
37,977	Greggs	453	1.03
73,256	RELX	1,183	2.70
548,945	Tesco	1,191	2.71
294,512	Wm Morrison Supermarkets	550	1.25
		4,168	9.49
Financials 28.93% (31 July 2019 27.30%)			
321,535	Aviva	848	1.93
583,098	Barclays	586	1.33
174,914	Beazley	730	1.66
507,198	Direct Line Insurance	1,503	3.42
279,115	HSBC	955	2.17
198,109	John Laing	584	1.33
533,011	Legal & General	1,140	2.60
2,350,355	Lloyds Banking	618	1.41
456,070	Londonmetric Property	1,053	2.40
322,304	M&G	517	1.18
260,745	Phoenix	1,717	3.91
214,533	Sabre Insurance	650	1.48
185,025	Secure Income REIT*	487	1.11
155,107	Standard Life Aberdeen	388	0.88
99,233	Unite	931	2.12
		12,707	28.93
Health Care 10.53% (31 July 2019 8.83%)			
22,550	AstraZeneca	1,923	4.38
176,745	GlaxoSmithKline	2,703	6.15
		4,626	10.53
Industrials 14.56% (31 July 2019 11.63%)			
32,765	Ashtead	797	1.83
238,336	BAE Systems	1,168	2.66
281,254	DS Smith	734	1.67
173,819	Essentra	524	1.19
15,980	Ferguson	1,085	2.47

Aegon UK Equity Income Fund

Portfolio Statement (continued)

Holding	Investment	Market valuation £'000	Total net assets %
	Industrials (continued)		
86,312	IMI	900	2.05
264,494	Morgan Advanced Materials	573	1.30
293,789	Strix	613	1.39
		6,394	14.56
	Oil & Gas 6.79% (31 July 2019 12.18%)		
622,057	BP	1,711	3.89
189,881	Diversified Gas & Oil	183	0.42
100,752	Royal Dutch Shell 'B'	1,089	2.48
		2,983	6.79
	Utilities 2.88% (31 July 2019 3.59%)		
66,977	Pennon	713	1.62
42,631	SSE	554	1.26
		1,267	2.88
	Portfolio of investments	42,597	96.98
	Net other assets	1,327	3.02
	Total net assets attributable to shareholders	43,924	100.00

The comparative percentage figures in brackets are at 31 July 2019.

All investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market, unless otherwise stated.

As all holdings are equity shares there is no analysis of the portfolio by asset class.

*Real Estate Investment Trust.

Aegon UK Equity Income Fund

Statement of Total Return for the year ended 31 July 2020

			2020		2019
	Note	£'000	£'000	£'000	£'000
Income					
Net capital losses	2		(10,154)		(2,429)
Revenue	3	1,950		2,422	
Expenses	4	(426)		(458)	
Net revenue before taxation		1,524		1,964	
Taxation	5	(11)		(13)	
Net revenue after taxation			1,513		1,951
Total return before distributions			(8,641)		(478)
Distributions	6		(1,938)		(2,409)
Change in net assets attributable to shareholders from investment activities			(10,579)		(2,887)

Statement of Change in Net Assets Attributable to Shareholders for the year ended 31 July 2020

		2020		2018
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		53,083		54,137
Amounts receivable on issue of shares	417		428	
Amounts payable on cancellation of shares	(532)		(490)	
		(115)		(62)
Dilution adjustment		-		-
Change in net assets attributable to shareholders from investment activities		(10,579)		(2,887)
Retained distribution on accumulation shares		1,535		1,895
Closing net assets attributable to shareholders		43,924		53,083

Aegon UK Equity Income Fund

Balance Sheet as at 31 July 2020

			2020		2019
	Note	£'000	£'000	£'000	£'000
Assets					
Fixed assets:					
Investments			42,597		51,196
Current assets:					
Debtors	7	80		151	
Cash and bank balances	8	1,354		1,896	
			1,434		2,047
Total assets			44,031		53,243
Liabilities					
Creditors					
Distributions payable		56		92	
Other creditors	9	51		68	
Total liabilities			107		160
Net assets attributable to shareholders			43,924		53,083

Aegon UK Equity Income Fund

Notes to the Financial Statements

1 Accounting policies

The sub-fund's financial statements have been prepared on the basis disclosed on pages 12 to 14.

2 Net capital losses

Net capital losses comprise:

	2020	2019
	£'000	£'000
Losses on non-derivative securities	(10,153)	(2,429)
Currency exchange gains	-	1
Transaction charges	(1)	(1)
Net capital losses	(10,154)	(2,429)

3 Revenue

	2020	2019
	£'000	£'000
UK dividends	1,849	2,223
Non-taxable overseas dividends	23	118
Property income from REITs	76	77
Bank interest	2	4
Total revenue	1,950	2,422

4 Expenses*

	2020	2019
	£'000	£'000
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	373	411
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary fee	10	12
Other expenses:		
Audit fee**	12	9
FT publishing fee	6	6
PRIIPs fees	1	4
Professional fees	4	-
Registrar's fee	18	14
Safe custody charge	2	2
	43	35
Total expenses	426	458

*All expenditure stated above is inclusive of irrecoverable VAT where applicable.

**The audit fee (excluding VAT) incurred during the year was £8,500 (2019: £7,715).

5 Taxation

a) Analysis of charge in the year

	2020	2019
	£'000	£'000
Current tax:		
Overseas tax suffered	11	13
Total tax charge for the year (see note 5 (b))	11	13

Aegon UK Equity Income Fund

Notes to the Financial Statements (continued)

5 Taxation (continued)

b) Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019: lower than) the standard rate of corporation tax for Open Ended Investment Companies 'OEICs' (20%).

The differences are explained below:

	2020 £'000	2019 £'000
Net revenue before taxation	1,524	1,964
Corporation tax 20% (2019: 20%)	305	393
Effects of:		
Movement in excess expenses	70	75
Overseas tax suffered	11	13
Revenue not subject to taxation	(375)	(468)
Total tax charge for the year (see note 5 (a))	11	13

c) Factors that may affect future tax charges

After claiming relief against accrued revenue taxable on receipt, the sub-fund has unrelieved excess expenses of £3,348,000 (2019: £3,000,000). It is unlikely that the sub-fund will generate sufficient taxable profits in the future to utilise these expenses and therefore a deferred tax asset of £670,000 (2019: £600,000) has not been recognised.

6 Distributions

a) Distributions

The distributions take account of amounts receivable on the issue of shares and amounts deductible on the cancellation of shares, and comprise:

	2020 £'000	2019 £'000
Interim distributions	1,662	1,971
Final distribution	275	438
	1,937	2,409
Add: amounts deductible on cancellation of shares	4	3
Less: amounts receivable on creation of shares	(3)	(3)
Distributions	1,938	2,409

Details of the distributions are set out in the tables on page 68.

b) Movement between net revenue and distribution

	2020 £'000	2019 £'000
Net revenue after taxation	1,513	1,951
Expenses transferred to capital	426	458
Equalisation on conversion	(1)	-
Distributions	1,938	2,409

7 Debtors

	2020 £'000	2019 £'000
Accrued revenue	77	114
Amounts receivable for the issue of shares	-	30
Reclaimable overseas tax	3	7
Debtors	80	151

8 Cash and bank balances

	2020 £'000	2019 £'000
Cash and bank balances	1,354	1,896
Cash and bank balances	1,354	1,896

Aegon UK Equity Income Fund

Notes to the Financial Statements (continued)

9 Other creditors

	2020	2019
	£'000	£'000
Accrued ACD periodic charge	23	36
Accrued other expenses	28	18
Amounts payable for the cancellation of shares	-	14
Other creditors	51	68

10 Related Parties

Related party interests in the sub-fund are disclosed in Note 6 of the Accounting Policies on page 17. Amounts due to the ACD as at year end for the ACD periodic charge and amounts due to the ACD for outstanding cancellations are disclosed in Note 9. Amounts receivable from the ACD as at year end for outstanding issue of shares are disclosed in Note 7. At the year-end 95.35% (2019: 94.94%) of the shares in issue were owned by AEGON Group or AEGON UK companies.

11 Contingent assets, liabilities and commitments

There were no contingent assets, liabilities or commitments present in the sub-fund as at 31 July 2020 (2019: Nil).

12 Financial instruments and risk

The risks associated with the sub-fund are market, concentration, valuation, yield, liquidity, counterparty, and interest rate risk. Narrative disclosures are on pages 15 to 17.

VaR Disclosure

The Manager assesses the market risk of the sub-fund's investments, including any derivative exposure, using a value at risk methodology. This process provides the Manager with an estimate of the maximum potential loss that could be expected to occur as a result of changes in market prices over a given period of time in all but a given percentage of circumstances. The value at risk is calculated on a 95.00% (2019: 95.00%) confidence interval with a one month time horizon and a five year history, using the Historical model. The sub-fund has an absolute VaR limit of 14.10% (2019: 14.10%). As at the balance sheet date, the sub-fund's value at risk is 6.18% (2019: 5.10%).

The following table details the lowest, highest and average utilisation of the VaR limit:

	Lowest Utilisation (%)	Highest Utilisation (%)	Average Utilisation (%)
31 July 2020	4.99	6.48	5.62
31 July 2019	4.55	5.60	5.08

Leverage

As the sub-fund has not traded in derivatives throughout the year there is no significant exposure to leverage.

Counterparty risk

As the sub-fund has not traded in derivatives throughout the year there is no significant counterparty risk.

13 Portfolio transaction costs

Purchases

	Value £'000	Commissions £'000	%	Other Costs* £'000	%
31 July 2020					
Equities	17,101	12	0.07	80	0.47
Total	17,101	12		80	
Total purchases including transaction costs	17,193				
31 July 2019					
Equities	14,533	6	0.04	64	0.44
Total	14,533	6		64	
Total purchases including transaction costs	14,603				

*Other Costs includes taxes and any other costs other than commissions incurred by the sub-fund when buying and selling an underlying investment.

Aegon UK Equity Income Fund

Notes to the Financial Statements (continued)

13 Portfolio transaction costs (continued)

Sales

31 July 2020	Value £'000	Commissions £'000	%	Other Costs* £'000	%
Equities	15,648	(9)	0.06	-	-
Total	15,648	(9)		-	
Total sales net of transaction costs	15,639				
31 July 2019					
Equities	13,813	(6)	0.04	-	-
Total	13,813	(6)		-	
Total sales net of transaction costs	13,807				

*Other Costs includes taxes and any other costs other than commissions incurred by the sub-fund when buying and selling an underlying investment.

Portfolio transaction costs are incurred by the sub-fund when buying and selling underlying investments. These vary depending on the class of investment, country of exchange and method of execution. These costs can be classified as either direct or indirect transaction costs:

- Direct transaction costs: Broker commissions, fees and taxes.
- Indirect transaction costs: 'Dealing spread' - the difference between the buying and selling prices of the sub-fund's underlying investments.

In order to protect existing investors from the effects of dilution, portfolio transaction costs incurred as a result of investors buying and selling shares in the sub-fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

At the balance sheet date, the portfolio dealing spread was 0.09% (2019: 0.08%), being the difference between the respective bid and offer prices for the sub-fund's investments.

14 Fair value hierarchy

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The fair value hierarchy has the following levels:

Level 1 – Unadjusted quoted price in an active market for an identical instrument.

Level 2 – Valuation techniques using observable inputs other than quoted prices within level 1.

Level 3 – Valuation techniques using unobservable inputs.

Basis of valuation	2020		2019	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
1 - Unadjusted quoted prices	42,597	-	51,196	-
2 - Observable market data	-	-	-	-
3 - Unobservable data	-	-	-	-
	42,597	-	51,196	-

15 Share classes

The sub-fund currently has one share class; B (Institutional). The ACD's periodic charge on this share class is as follows:

B share class: 0.60%

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative tables on pages 57 and 58. The distribution per share class is given in the distribution tables on page 68. All share classes have the same rights on winding up.

Share class movement reconciliation

31 July 2020	Opening	Creations	Cancellations	Converted	Closing
A Accumulation*	2,884,897	409	(1,176)	(2,884,130)	-
A Income*	2,882,403	8,818	(2,514)	(2,888,707)	-
B Accumulation	13,012,012	12,468	(69,515)	2,670,511	15,625,476
B Income	3,651,345	220,254	(244,973)	2,706,658	6,333,284

*Share classes closed on 26 April 2020.

Aegon UK Equity Income Fund

Notes to the Financial Statements (continued)

16 Post balance sheet events

The table below shows the net asset values per share as at the balance sheet date, compared against values as at 23 November 2020 and the percentage movement in that period:

Net assets per share			
	31 July 2020	23 November 2020	Movement
B Accumulation	224.13	246.92	10.17%
B Income	140.56	152.45	8.46%

Following the COVID-19 outbreak there has been an on-going period of high volatility in global financial markets. As a result, we have witnessed significant movements in the net asset value of the sub-fund since the balance sheet date. During the period from the balance sheet date to 23 November 2020, the net asset value per B Accumulation share has increased by 10.17%.

Aegon UK Equity Income Fund

Distribution Tables

Share Class A Accumulation**

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2018/9 Total Paid
31/10/19	31/12/19	Group 1	3.7340	N/A	3.7340	3.2125
		Group 2	2.4097	1.3243		
31/01/20	31/03/20	Group 1	1.1329	N/A	1.1329	1.2422
		Group 2	0.2351	0.8978		
30/04/20	30/06/20	Group 1	-	-	-	4.8064
		Group 2	-	-		
31/07/20	30/09/20	Group 1	-	-	-	2.0655
		Group 2	-	-		

Share Class A Income**

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2018/9 Total Paid
31/10/19	31/12/19	Group 1	2.4383	N/A	2.4383	2.1986
		Group 2	0.4558	1.9825		
31/01/20	31/03/20	Group 1	0.7285	N/A	0.7285	0.8392
		Group 2	0.1233	0.6052		
30/04/20	30/06/20	Group 1	-	-	-	3.2275
		Group 2	-	-		
31/07/20	30/09/20	Group 1	-	-	-	1.3601
		Group 2	-	-		

Share Class B Accumulation

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2018/9 Total Paid
31/10/19	31/12/19	Group 1	3.9901	N/A	3.9901	3.4021
		Group 2	2.3073	1.6828		
31/01/20	31/03/20	Group 1	1.2134	N/A	1.2134	1.3186
		Group 2	0.3376	0.8758		
30/04/20	30/06/20	Group 1	3.1942	N/A	3.1942	5.1161
		Group 2	0.6702	2.5240		
31/07/20	30/09/20	Group 1	1.3994	N/A	1.3994	2.2027
		Group 2	0.5652	0.8342		

Share Class B Income

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2018/9 Total Paid
31/10/19	31/12/19	Group 1	2.6058	N/A	2.6058	2.3286
		Group 2	0.7609	1.8449		
31/01/20	31/03/20	Group 1	0.7804	N/A	0.7804	0.8909
		Group 2	0.1791	0.6013		
30/04/20	30/06/20	Group 1	2.0457	N/A	2.0457	3.4359
		Group 2	1.0918	0.9539		
31/07/20	30/09/20	Group 1	0.8830	N/A	0.8830	1.4506
		Group 2	0.3349	0.5481		

All distributions above are in pence per share unless specifically stated.

*Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being a capital repayment, it is not liable to income tax but must be deducted from the cost of the shares for capital gains tax purposes.

**Share classes closed on 26 April 2020.

Aegon UK Equity Absolute Return Fund

Fund objective*

The investment objective is to achieve a positive absolute return over any 36 month period in all market conditions. By investing in the sub-fund, capital is at risk. There is no guarantee that the sub-fund will deliver positive returns over this, or any, time period. The sub-fund invests in derivatives, such as contracts for difference, to gain exposure to equities of companies which are listed, quoted or traded in UK markets or which have their headquarters or a significant part of their activities in the UK but which may also be quoted on a regulated market outside of the UK. The sub-fund can also invest directly in equities and equity indices, and may also invest in other transferable securities, collective investment schemes, money market instruments, deposits and cash and near cash.

Risk profile

The sub-fund is designed for retail and institutional investors seeking an absolute return through pooled exposure to the UK equity market and who are comfortable with a higher level of investment risk. In most cases, we expect the sub-fund to be held as part of a diversified portfolio which may include other assets such as bonds, equities, property and cash. While investors will normally be able to liquidate their holdings on a daily basis, unit prices will fluctuate and may fall significantly in value. Consequently, it is important to understand that the sub-fund should be viewed as a longer term investment.

The sub-fund is actively managed and exposed to a range of risks, which are listed and defined in the Aegon Asset Management UK ICVC Prospectus. The most material risks from this list also appear in our Key Investor Information documents (KIID) where they are summarised in an easy-to-read format. You can find both of these documents on our website at www.aegonam.com.

Performance**

The Aegon UK Equity Absolute Return Fund returned 5.61% compared to Sterling Over Night Average (SONIA) 1 month return of 0.73%.

Strategy review***

The sub-fund produced a strong positive absolute return during what was an extremely volatile year, highlighting its ability to add value in all market conditions.

We run the sub-fund using three investment modules. Within our 'Themes' module we aim to add value by identifying specific macroeconomic themes in the market. Our second module is called 'Best Ideas' which is simply our highest conviction single stock ideas, both long and short, based on our bottom-up analysis. The final investment module is termed 'Pair Trades'. This strategy exploits dislocations in share price performance between similar stocks. Over the year, our Best Ideas module was a strong contributor to performance while Pair Trades was relatively flat. In contrast, the Themes module detracted slightly.

Over the year equity markets experienced a rollercoaster ride with volatility spiking to unprecedented levels. The backdrop was relatively positive initially as encouraging economic data, coupled with low interest rates, boosted markets. However, the onset of the Covid-19 pandemic in the first quarter of 2020 led to an incredibly sharp sell-off in markets as economies were forced into lockdown. The subsequent efforts of both governments and central banks to support economies settled investor nerves to an extent and allowed markets to rally significantly up to the year-end.

The sub-fund performed well in the first half of the year, with the Best Ideas module adding value as a result of good stock selection and positioning. Within the module, a number of our growth stocks, as well some of our long UK domestic value holdings, initially added value due to reduced political uncertainty and a more positive global economic outlook. As we moved into 2020 and the backdrop deteriorate, we began to de-risk the sub-fund, leaving it relatively neutral in terms of investment style. The Best Ideas module subsequently benefited from short positions in UK domestic stocks and in a number of global cyclical. The module's performance was more mixed as markets began to recover with some of our long growth, short cyclical position under pressure. Over the year as a whole, however, the module was the main driver of the sub-fund's outperformance.

The performance of the Themes module was more mixed. Initially, our short balance sheet risk component detracted as UK-domestic constituents outperformed following the decisive result of the UK election. However, our M&A theme added value, with disruptive media agency S4 Capital significantly outperforming the market. As the environment improved, following the intervention of central banks and governments to address the Covid-19-driven weakness, the Themes module added value. Our long Construction, long Mining and Contrarian themes, which all have a cyclical tilt, benefited from the improving sentiment.

The performance of the Pair Trades module was relatively flat. At the start of the year, a relative value pair in recruitment contributed positively, but this was offset by pairs in food retail and software, which detracted. In the market sell-off during the first quarter of 2020, a media pair added value as Moneysupermarket.com held up well on the back of good results and a change in CEO. Among the other positive contributors was our technology pair, which added value towards the end of the year.

Outlook

Short term volatility could be a feature for the remainder of 2020. However, this can provide an opportunity for bottom-up investors and our overall, longer-term outlook is positive.

*Please note that the sub-fund's objective has been updated effective 7 September 2020. The latest update can found in the sub-fund's prospectus at www.aegonam.com.

**Source: Lipper, % growth, income re-invested at pay date, NAV-NAV, GBP, net of Basic Rate Tax. Index returns are gross of Basic Rate Tax. The benchmark for the fund has changed from LIBOR GBP 1 month to Sterling Over Night Index Average (SONIA) 1 month post the year end date of 31 July 2019. Investors are invited to compare the sub-fund's performance against the Sterling Over Night Index Average (SONIA) 1 month. Comparison against this rate will allow investors to determine whether the sub-fund has delivered total returns in excess of cash. SONIA gives an indication of what a cash investment could have provided. This comparison should be performed over at least a 36 month period to provide the most appropriate comparison.

***General references to markets and indices are to be considered as general market commentary only and (i) are not to be considered as a comparison of sub-fund performance against a benchmark (unless otherwise disclosed as such); and (ii) the index or indices do not operate as a performance target and the sub-fund's portfolio is not constrained by the index or indices.

Aegon UK Equity Absolute Return Fund

Material portfolio changes			
Top purchases	31 July 2020	Top sales	31 July 2020
	£'000		£'000
Euromoney Institutional Investor	542	S4 Capital	664
S4 Capital	137	Trainline	317
Secure Income REIT	75	Trian Investors 1	238
		Network International	172
		Secure Income REIT	146
		Sirius Minerals	96

Aegon UK Equity Absolute Return Fund

Comparative Tables

A Accumulation shares	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	108.28	106.42	111.19
Return before operating charges*	7.09	3.57	(3.03)
Operating charges	(1.81)	(1.71)	(1.74)
Return after operating charges*	5.28	1.86	(4.77)
Distributions	-	-	-
Retained distributions on accumulation shares	-	-	-
Closing net asset value per share	113.56	108.28	106.42
 *after direct transaction costs of	 0.01	 0.01	 -
Performance			
Return after charges	4.88%	1.75%	(4.29)%
Other information			
Closing net asset value (£'000)	384	634	1,218
Closing number of shares	338,195	586,050	1,144,595
Operating charges	1.62%	1.62%	1.59%
Direct transaction costs	0.01%	0.01%	-
Prices			
Highest share price	114.56	107.84	111.75
Lowest share price	107.49	103.89	105.59

B Accumulation shares	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	115.92	113.08	117.25
Return before operating charges*	7.63	3.83	(3.19)
Operating charges	(1.06)	(0.99)	(0.98)
Return after operating charges*	6.57	2.84	(4.17)
Distributions	-	-	-
Retained distributions on accumulation shares	-	-	-
Closing net asset value per share	122.49	115.92	113.08
 *after direct transaction costs of	 0.02	 0.02	 -
Performance			
Return after charges	5.67%	2.51%	(3.56)%
Other information			
Closing net asset value (£'000)	30,886	32,672	53,194
Closing number of shares	25,214,979	28,185,131	47,041,530
Operating charges	0.87%	0.87%	0.84%
Direct transaction costs	0.01%	0.01%	-
Prices			
Highest share price	123.24	115.45	117.99
Lowest share price	115.08	110.68	111.98

Highest and Lowest share prices are based on official published daily NAVs priced at 12 noon on the last business day of the year. The closing net asset value per share is at close of business.

Aegon UK Equity Absolute Return Fund

Comparative Tables (continued)

D Accumulation shares**	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	103.90	101.60	105.63
Return before operating charges*	4.68	3.44	(2.90)
Operating charges	(0.65)	(1.14)	(1.13)
Return after operating charges*	4.03	2.30	(4.03)
Distributions	-	-	-
Retained distributions on accumulation shares	-	-	-
Redemption value	(107.93)	-	-
Closing net asset value per share	-	103.90	101.60
 *after direct transaction costs of	 0.01	 0.01	 -
Performance			
Return after charges	3.88%	2.26%	(3.82)%
Other information			
Closing net asset value (£'000)	-	282	569
Closing number of shares	-	271,374	560,115
Operating charges	-	1.12%	1.09%
Direct transaction costs	-	0.01%	-
Prices			
Highest share price	107.89	103.48	106.25
Lowest share price	103.15	99.36	100.69

Highest and Lowest share prices are based on official published daily NAVs priced at 12 noon on the last business day of the year. The closing net asset value per share is at close of business.

** Share class closed on 3 February 2020.

Aegon UK Equity Absolute Return Fund

Portfolio Statement

The sub-fund's investments as at 31 July 2020

Holding	Investment	Market Valuation £'000	Total net assets %
Equities 7.99% (31 July 2019 9.21%)			
Basic Materials 0.00% (31 July 2019 0.41%)			
Consumer Services 4.16% (31 July 2019 3.07%)			
62,484	Euromoney Institutional Investor	496	1.58
233,600	S4 Capital	804	2.58
		1,300	4.16
Financials 2.40% (31 July 2019 3.98%)			
182,936	Secure Income REIT*	481	1.54
301,058	Trian Investors 1	269	0.86
		750	2.40
Industrials 1.43% (31 July 2019 1.75%)			
214,718	Strix	448	1.43
		448	1.43
Derivatives and Futures Contracts (0.66)% (31 July 2019 0.80%)			
Contracts for Difference (0.92)% (31 July 2019 0.90%)			
10,225	4imprint	(3)	(0.01)
(308,420)	AA	(3)	(0.01)
19,305	Anglo American	(16)	(0.05)
176,274	Ascential	(43)	(0.14)
10,444	Ashtead	(22)	(0.07)
5,115	AstraZeneca	1	-
83,102	Auto Trader	13	0.04
141,143	Avast	11	0.03
13,266	Aveva	2	0.01
199,062	Balfour Beatty	(44)	(0.14)
(453,929)	Barclays	90	0.29
13,281	Bellway	(14)	(0.05)
(19,732)	Bunzl	9	0.03
16,827	Coca-Cola	(19)	(0.06)
(43,357)	Compass	28	0.09
(25,399)	Computacenter	(90)	(0.29)
(249,837)	ConvaTec	(15)	(0.05)
9,875	CRH	(12)	(0.04)
(58,956)	Daily Mail & General Trust	10	0.03
(8,637)	DCC	(1)	-
9,606	Dechra Pharmaceuticals	(14)	(0.04)
(65,062)	Dignity	(48)	(0.16)
(79,147)	Domino's Pizza	(11)	(0.03)
151,573	DS Smith	(31)	(0.10)
(78,485)	Electrocomponents	(4)	(0.01)
(16,922)	Experian	17	0.05
26,503	Gamma Communications	46	0.15
49,577	GB Group	(17)	(0.05)
(113,088)	Hammerson	12	0.04
(24,985)	Hargreaves Lansdown	(35)	(0.11)
18,239	HIKMA Pharmaceutical	8	0.03
(32,711)	HomeServe	(8)	(0.02)
31,587	IG	(29)	(0.09)
28,470	IntegraFin	14	0.05
(11,434)	InterContinental Hotels	51	0.16
(8,258)	Intertek	(4)	(0.01)
(57)	iShares FTSE 250	14	0.05
(160,980)	IWG	65	0.21
22,842	JD Wetherspoon	(25)	(0.08)
16,968	Johnson Matthey	21	0.07

Aegon UK Equity Absolute Return Fund

Portfolio Statement (continued)

The sub-fund's investments as at 31 July 2020

Holding	Investment	Market Valuation £'000	Total net assets %
Contracts for Difference (continued)			
302,006	Just	(15)	(0.05)
5,821	Just Eat	(8)	(0.03)
(223,687)	Kingfisher	(36)	(0.12)
34,384	Knights	2	0.01
66,372	Meggitt	(34)	(0.11)
(52,460)	Naked Wines	(12)	(0.04)
432,141	NatWest	(67)	(0.21)
(21,018)	Ocado	14	0.04
77,976	Phoenix	(5)	(0.02)
(8,168)	Renishaw	(46)	(0.15)
(67,104)	Rightmove	19	0.06
9,760	Rio Tinto	(22)	(0.07)
(62,613)	Rolls-Royce	22	0.07
(26,092)	Royal Dutch Shell 'A'	32	0.10
99,721	Sabre Insurance	41	0.13
(14,399)	Schroders	(5)	(0.02)
(32,746)	Segro	(10)	(0.03)
(31,514)	Shaftesbury	(1)	-
(36,088)	Smith & Nephew	-	-
16,656	Softcat	17	0.05
(4,602)	Spirax-Sarco Engineering	(13)	(0.04)
(34,524)	St James's Place	5	0.02
130,894	Standard Chartered	(63)	(0.20)
101,670	Synthomer	(10)	(0.03)
45,453	Team17	35	0.11
(151,778)	Tesco	(4)	(0.01)
87,959	Trainline	(26)	(0.08)
57,142	UDG Healthcare	(2)	(0.01)
278,408	Vectura	(3)	(0.01)
(16,866)	Vitec	(6)	(0.02)
122,809	Watches of Switzerland	(25)	(0.08)
21,994	Weir	33	0.10
		(289)	(0.92)
Futures Contracts 0.26% (31 July 2019 (0.10)%)			
(23)	FTSE 100 Future Contract September 2020	82	0.26
		82	0.26
Portfolio of investments**			
	Net other assets	28,979	92.67
	Total net assets attributable to shareholders	31,270	100.00

Analysis of investments by asset class

	Market Value £'000	Value of investments %
Equities	2,498	7.99
Derivatives	(207)	(0.66)
Portfolio of investments**	2,291	7.33
Net other assets	28,979	92.67
Total net assets attributable to shareholders	31,270	100.00

The comparative percentage figures in brackets are at 31 July 2019.

All investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market, unless otherwise stated.

*Real Estate Investment Trust.

**Includes investment liabilities.

Aegon UK Equity Absolute Return Fund

Statement of Total Return for the year ended 31 July 2020

			2020		2019
	Note	£'000	£'000	£'000	£'000
Income					
Net capital gains	2		2,188		1,134
Revenue	3	537		1,004	
Expenses	4	(316)		(409)	
Interest payable and similar charges	5	(522)		(954)	
Net expense before taxation		(301)		(359)	
Taxation	6	-		-	
Net expense after taxation			(301)		(359)
Total return before distributions			1,887		775
Distributions	7		-		-
Change in net assets attributable to shareholders from investment activities			1,887		775

Statement of Change in Net Assets Attributable to Shareholders for the year ended 31 July 2020

		2020		2019
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		33,588		54,981
Amounts receivable on issue of shares	16,455		16,455	
Amounts payable on cancellation of shares	(20,684)		(38,727)	
		(4,229)		(22,272)
Dilution adjustment		24		104
Change in net assets attributable to shareholders from investment activities		1,887		775
Closing net assets attributable to shareholders		31,270		33,588

Aegon UK Equity Absolute Return Fund

Balance Sheet as at 31 July 2020

			2020		2019
	Note	£'000	£'000	£'000	£'000
Assets					
Fixed assets:					
Investments			3,212		4,110
Current assets:					
Debtors	8	36		175	
Cash and bank balances	9	33,044		34,993	
			33,080		35,168
Total assets			36,292		39,278
Liabilities					
Investment liabilities			921		749
Creditors					
Bank overdrafts	10	146		273	
Other creditors	11	3,955		4,668	
Total liabilities			5,022		5,690
Net assets attributable to shareholders			31,270		33,588

Aegon UK Equity Absolute Return Fund

Notes to the Financial Statements

1 Accounting policies

The sub-fund's financial statements have been prepared on the basis disclosed on pages 12 to 14.

2 Net capital gains

Net capital gains

	2020	2019
	£'000	£'000
Gains/(losses) on non-derivative securities	287	(67)
Currency exchange losses	(1)	-
Gains on derivative securities	1,902	1,201
Net capital gains	2,188	1,134

3 Revenue

	2020	2019
	£'000	£'000
UK dividends	19	17
Taxable overseas dividends	-	1
Property income from REITs	35	30
Bank interest	139	290
Contracts for difference	344	666
Total revenue	537	1,004

4 Expenses*

	2020	2019
	£'000	£'000
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	287	375
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary fee	7	11
Other expenses:		
Audit fee**	11	11
FT publishing fee	4	4
Legal fees	4	-
PRIIPs fees	1	3
Registrar's fee	2	5
	22	23
Total expenses	316	409

*All expenditure stated above is inclusive of irrecoverable VAT where applicable.

**The audit fee (excluding VAT) incurred during the year was £11,500 (2019: £8,915).

5 Interest payable and similar charges

	2020	2019
	£'000	£'000
Dividends payable on contracts for difference	350	661
Interest payable on derivatives	172	293
Interest payable and similar charges	522	954

Aegon UK Equity Absolute Return Fund

Notes to the Financial Statements (continued)

6 Taxation

Corporation tax has not been provided for as expenses and interest distributions payable by the sub-fund exceed the revenue liable to corporation tax.

a) Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019: lower than) the standard rate of corporation tax for Open Ended Investment Companies 'OEICs' (20%).

The differences are explained below:

	2020 £'000	2019 £'000
Net expense before taxation	(301)	(359)
Corporation tax 20% (2019: 20%)	(60)	(72)
Effects of:		
Movement in excess expenses	64	75
Expenses not subject to taxation	(4)	(3)
Total tax charge for the year	-	-

b) Factors that may affect future tax charges

After claiming relief against accrued revenue taxable on receipt, the sub-fund has unrelieved excess expenses of £16,769,000 (2019: £16,449,000). It is unlikely that the sub-fund will generate sufficient taxable profits in the future to utilise these expenses and therefore a deferred tax asset of £3,354,000 (2019: £3,290,000) has not been recognised.

7 Distributions

a) Distributions

The distributions take account of amounts receivable on the issue of shares and amounts deductible on the cancellation of shares, and comprise:

	2020 £'000	2019 £'000
Final distribution	-	-
Add: amounts deductible on cancellation of shares	-	-
Less: amounts receivable on creation of shares	-	-
Distributions	-	-

Details of the distributions are set out in the tables on page 83.

b) Movement between net expense and distribution

	2020 £'000	2019 £'000
Net expense after taxation	(301)	(359)
Capital reimbursement of revenue deficit	301	359
Distributions	-	-

8 Debtors

	2020 £'000	2019 £'000
Accrued revenue	4	33
Amounts receivable for the issue of shares	32	86
Sales awaiting settlement	-	56
Debtors	36	175

9 Cash and bank balances

	2020 £'000	2019 £'000
Amounts held at futures clearing houses and brokers*	485	11
Cash and bank balances	651	6
Money market deposits	31,908	34,976
Cash and bank balances	33,044	34,993

*Includes cash pledged as collateral of £400,000 (2019: £Nil).

Aegon UK Equity Absolute Return Fund

Notes to the Financial Statements (continued)

10 Bank overdrafts

	2020	2019
	£'000	£'000
Amounts held at futures clearing houses and brokers*	146	273
Bank overdrafts	146	273

*Includes cash pledged as collateral of £Nil (2019: £90,000).

11 Other creditors

	2020	2019
	£'000	£'000
Accrued ACD periodic charge	25	27
Accrued other expenses	17	18
Accrued revenue	-	17
Amounts payable for cancellation of shares	3,911	4,606
Purchases awaiting settlement	2	-
Other creditors	3,955	4,668

12 Related parties

Related party interests in the sub-fund are disclosed in Note 6 of the Accounting Policies on page 17. Amounts due to the ACD as at year end for the ACD periodic charge and amounts due to the ACD for outstanding cancellations are disclosed in Note 11. Amounts receivable from the ACD as at year end for outstanding issue of shares are disclosed in Note 8. At the year-end 45.25% (2019: 31.96%) of the shares in issue were owned by AEGON Group or AEGON UK companies.

13 Contingent assets, liabilities and commitments

There were no contingent assets, liabilities or commitments present in the sub-fund as at 31 July 2020 (2019: Nil).

14 Financial instruments and risk

The risks associated with the sub-fund are market, concentration, valuation, yield, liquidity, counterparty, and interest rate risk. Narrative disclosures are on pages 15 to 17.

Derivative risk

The sub-fund invests in derivatives, consistent with the investment objective of the sub-fund, as outlined in the derivative risks section on page 17.

VaR Disclosure

The Manager assesses the market risk of the sub-fund's investments, including any derivative exposure, using a value at risk methodology. This process provides the Manager with an estimate of the maximum potential loss that could be expected to occur as a result of changes in market prices over a given period of time in all but a given percentage of circumstances. The value at risk is calculated on a 95.00% (2019: 95.00%) confidence interval with a one month time horizon and a five year history, using the Historical model. The sub-fund has an absolute VaR limit of 3.50% (2019: 3.50%). As at the balance sheet date, the sub-fund's value at risk is 1.51% (2019: 1.13%).

The following table details the lowest, highest and average utilisation of the VaR limit:

	Lowest Utilisation (%)	Highest Utilisation (%)	Average Utilisation (%)
31 July 2020	0.79	1.58	1.16
31 July 2019	0.83	1.23	1.02

Leverage

Average leverage is calculated as the sum of the net asset value and the incremental exposure generated through the use of derivatives (calculated in accordance with the commitment approach (CESR/10-788)) divided by the net asset value. As at 31 July 2020 the average leverage was 92.27% (2019: 100.07%).

Aegon UK Equity Absolute Return Fund

Notes to the Financial Statements (continued)

14 Financial instruments and risk (continued)

Counterparty risk

The risk of entering an arrangement with a counterparty, which is itself subject to financial risks which may affect its ability to trade as a going concern.

The ACD maintains a list of approved counterparties. This list is regularly monitored and revised for changes based on the counterparty's credit-worthiness, market reputation and expectations of future financial performance. Transactions will only be opened with financial intermediaries on the approved counterparties list.

The sub-fund's use of exchange traded derivatives are considered to be free of counterparty risk if the derivative is traded on an exchange where the clearing house is backed by an appropriate performance guarantee and it is characterised by a daily mark-to-market valuation of the derivative position and at least daily margining.

At 31 July 2020, the market value of the exchange traded derivatives held by the sub-fund was £Nil (2019: £Nil).

The following details exposure to counterparties obtained through the use of derivatives:

As at 31 July 2020

Counterparty	Futures Exposure £'000	Contracts for Difference Exposure £'000	Collateral Pledge £'000
Goldman Sachs	-	215	120
Merrill Lynch	-	74	280
UBS	82	-	-

As at 31 July 2019

Counterparty	Futures Exposure £'000	Contracts for Difference Exposure £'000	Collateral Pledge £'000
Goldman Sachs	-	107	(90)
Merrill Lynch	-	225	-

Positive exposure represents the sub-fund's exposure to that counterparty and not the sub-fund's holdings with that counterparty.

15 Portfolio transaction costs

Purchases

31 July 2020	Value £'000	Commissions £'000	%	Other Costs* £'000	%
Equities	751	1	0.07	3	0.36
Total	751	1		3	
Total purchases including transaction costs	755				
31 July 2019					
Equities	1,885	1	0.05	4	0.21
Total	1,885	1		4	
Total purchases including transaction costs	1,890				

Sales

31 July 2020	Value £'000	Commissions £'000	%	Other Costs* £'000	%
Equities	1,635	1	0.09	-	-
Total	1,635	1		-	
Total sales net of transaction costs	1,636				
31 July 2019					
Equities	1,259	(2)	0.16	-	-
Total	1,259	(2)		-	
Total sales net of transaction costs	1,257				

*Other Costs includes taxes and any other costs other than commissions incurred by the sub-fund when buying and selling an underlying investment.

Aegon UK Equity Absolute Return Fund

Notes to the Financial Statements (continued)

15 Portfolio transaction costs (continued)

Derivatives

31 July 2020	Commissions	
	£'000	
Futures		-
31 July 2019		
Futures		1

The purchases and sales are not subject to portfolio transaction costs.

Portfolio transaction costs are incurred by the sub-fund when buying and selling underlying investments. These vary depending on the class of investment, country of exchange and method of execution. These costs can be classified as either direct or indirect transaction costs:

- Direct transaction costs: Broker commissions, fees and taxes.
- Indirect transaction costs: 'Dealing spread' - the difference between the buying and selling prices of the sub-fund's underlying investments.

In order to protect existing investors from the effects of dilution, portfolio transaction costs incurred as a result of investors buying and selling shares in the sub-fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

At the balance sheet date, the portfolio dealing spread was 0.52% (2019: 0.71%), being the difference between the respective bid and offer prices for the sub-fund's investments.

16 Fair value hierarchy

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The fair value hierarchy has the following levels:

Level 1 – Unadjusted quoted price in an active market for an identical instrument.

Level 2 – Valuation techniques using observable inputs other than quoted prices within level 1.

Level 3 – Valuation techniques using unobservable inputs.

Basis of valuation	2020		2019	
	Assets	Liabilities	Assets	Liabilities
	£'000	£'000	£'000	£'000
1 - Unadjusted quoted prices	2,580	-	3,090	(33)
2 - Observable market data	632	(921)	1,020	(716)
3 - Unobservable data	-	-	-	-
	3,212	(921)	4,110	(749)

17 Share classes

The sub-fund currently has two share classes; A (Retail) and B (Institutional). The ACD's periodic charge on each share class is as follows:

A share class: 1.55%

B share class: 0.80%

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative tables on pages 71 and 72. The distribution per share class is given in the distribution tables on page 83. All share classes have the same rights on winding up.

Share class movement reconciliation

31 July 2020	Opening	Creations	Cancellations	Converted	Closing
A Accumulation	586,050	176,195	(216,089)	(207,961)	338,195
B Accumulation	28,185,131	13,578,391	(16,816,877)	268,334	25,214,979
D Accumulation*	271,374	-	(187,782)	(83,592)	-

* Share class closed on 3 February 2020.

Aegon UK Equity Absolute Return Fund

Notes to the Financial Statements (continued)

18 Post balance sheet events

The table below shows the net asset values per share as at the balance sheet date, compared against values as at 23 November 2020 and the percentage movement in that period:

Net assets per share	31 July 2020	23 November 2020	Movement
A Accumulation	113.56	115.13	1.38%
B Accumulation	122.49	124.46	1.61%

Aegon UK Equity Absolute Return Fund

Distribution Tables

Share Class A Accumulation

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2019 Total Paid
31/07/20	30/11/20	Group 1	0.0000	N/A	0.0000	0.0000
		Group 2	0.0000	0.0000		

Share Class B Accumulation

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2019 Total Paid
31/07/20	30/11/20	Group 1	0.0000	N/A	0.0000	0.0000
		Group 2	0.0000	0.0000		

Share Class D Accumulation**

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2019 Total Paid
31/07/20	30/11/20	Group 1	-	-	-	0.0000
		Group 2	-	-		

All distributions above are in pence per share unless specifically stated.

*Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being a capital repayment, it is not liable to income tax but must be deducted from the cost of the shares for capital gains tax purposes.

**Share class closed on 3 February 2020.

Aegon UK Smaller Companies Fund

Fund objective*

The investment objective is to provide a combination of income and capital growth over any 7 year period. At least 80% of the sub-fund will be invested in equities of smaller UK companies. UK companies are those which are listed, quoted or traded in UK markets or which have their headquarters or a significant part of their activities in the UK but which may also be quoted on a regulated market outside of the UK. Smaller companies are those which are in the bottom 10% by market capitalisation.

Risk profile

The sub-fund is designed for retail and institutional investors seeking pooled exposure to UK smaller companies stocks and who are comfortable with a higher level of investment risk. In most cases, we expect the sub-fund to be held as part of a diversified portfolio which may include other assets such as bonds, equities, property and cash. While investors will normally be able to liquidate their holdings on a daily basis, unit prices will fluctuate and may fall significantly in value.

The sub-fund is actively managed and exposed to a range of risks, which are listed and defined in the Aegon Asset Management UK ICVC Prospectus. The most material risks from this list also appear in our Key Investor Information documents (KIID) where they are summarised in an easy-to-read format. You can find both of these documents on our website at www.aegonam.com.

Performance**

The Aegon UK Smaller Companies Fund returned (2.64)% compared to the peer group median return of (5.34)%. The peer group is the Investment Association UK Smaller Companies sector.

Strategy review***

Over the year equity markets experienced a rollercoaster ride with volatility spiking to unprecedented levels. The backdrop was relatively positive initially as encouraging economic data, coupled with low interest rates, boosted markets. However, the onset of the Covid-19 pandemic in the first quarter of 2020 led to an incredibly sharp sell-off in markets as economies were forced into lockdown. The subsequent efforts of both governments and central banks to support economies settled investor nerves to an extent and allowed markets to rally significantly up to the year-end.

The sub-fund's absolute negative return highlights the extremely challenging backdrop seen over the year. However, the sub-fund managed to avoid some of the worst affected areas and continued to benefit from disciplined stock selection, which helped it to outperform the peer group median.

Both sector allocation and stock selection added value in relative terms. Within sector allocation, we benefited from being significantly underweight in the retail and travel & leisure sectors, and also underweight the oil sector. The sub-fund was also overweight technology stocks (specifically software names). Online gaming stocks, in particular, fared well during the year. Elsewhere, the overweight exposure to the pharmaceutical sector aided returns. Offsetting some of these positive outcomes was our overweight positioning on housing activity in the UK, which we held prior to the onset of the pandemic.

In terms of stock selection, we continued to favour business models with a strong competitive proposition, solid margins, strong balance sheets, and long-term growth and upgrade potential. Many of the best performing names were resilient companies with recurring revenues which benefited from, or were not disrupted by, the lockdown. Among the top performers were Gamma Communications, which provides telecoms and internet solutions, where demand remained robust in a work-from-home environment. Online gaming publisher Team17 also added value; the company continued to benefit from resilient demand and a strong release schedule. IT services business Softcat also performed well.

Another strong contributor was S4 Capital, a provider of digital marketing services, which benefited from customers accelerating their shift towards digital. Hilton Food, a key supplier of packed meat, fish and vegetarian produce for food retailers continued to see strong trading. The provider of online identity verification, GB Group, also performed relatively well. The business saw some demand resilience from the continuation of routine essential financial products, market share gain and regulatory growth drivers.

The largest negative contributions to performance came from businesses that were forced into lockdown, such as Mitchells & Butler. Shares in the pub and restaurant group fell sharply on lockdown, although it was the only name we held within the sector.

Outlook

Short term volatility could be a feature for the remainder of 2020. However, this can provide an opportunity for bottom-up investors and our overall, longer-term outlook is positive.

*Please note that the sub-fund's objective has been updated effective 7 September 2020. The latest update can be found in the sub-fund's prospectus at www.aegonam.com.

**Source: Lipper, % growth, income re-invested at pay date, NAV-NAV, GBP, net of Basic Rate Tax. Index returns are gross of Basic Rate Tax. Investors are invited to compare the sub-fund's performance against the performance of other funds within this Peer Group. Comparison of the sub-fund against this Peer Group will give investors an indication of how the sub-fund is performing compared with funds investing in a similar but not identical investment universe. This comparison should be performed over at least a 7 year period to provide the most useful long term comparison.

***General references to markets and indices are to be considered as general market commentary only and (i) are not to be considered as a comparison of sub-fund performance against a benchmark (unless otherwise disclosed as such); and (ii) the index or indices do not operate as a performance target and the sub-fund's portfolio is not constrained by the index or indices.

Aegon UK Smaller Companies Fund

Material portfolio changes

Top ten purchases	31 July 2020 £'000	Top ten sales	31 July 2020 £'000
4imprint	4,063	Entertainment One	7,628
Crest Nicholson	3,731	Unite	5,493
Vistry	3,605	Dechra Pharmaceuticals	4,308
RWS	3,121	GB Group	3,300
Londonmetric Property	2,797	IG Design	3,204
Future	2,765	Huntsworth	3,006
Alpha FX	2,635	Hilton Food	3,003
Team17	2,479	Vistry	2,796
Euromoney Institutional Investor	2,431	Trainline	2,560
Mitchells & Butlers	2,406	Abcam	2,358

Aegon UK Smaller Companies Fund

Comparative Tables

A Accumulation shares	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	347.45	380.18	332.13
Return before operating charges*	(6.81)	(27.44)	53.52
Operating charges	(5.43)	(5.29)	(5.47)
Return after operating charges*	(12.24)	(32.73)	48.05
Distributions	(0.31)	(2.70)	(2.59)
Retained distributions on accumulation shares	0.31	2.70	2.59
Closing net asset value per share	335.21	347.45	380.18
 *after direct transaction costs of	 0.66	 0.70	 1.33
Performance			
Return after charges	(3.52)%	(8.61)%	14.47%
Other information			
Closing net asset value (£'000)	261	15,973	19,508
Closing number of shares	77,902	4,597,182	5,131,193
Operating charges	1.53%	1.54%	1.54%
Direct transaction costs	0.19%	0.20%	0.37%
Prices			
Highest share price	407.00	380.08	385.16
Lowest share price	251.37	294.63	328.39

B Accumulation shares	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	376.67	409.08	354.71
Return before operating charges*	(7.55)	(29.48)	57.47
Operating charges	(2.99)	(2.93)	(3.10)
Return after operating charges*	(10.54)	(32.41)	54.37
Distributions	(3.21)	(5.70)	(5.64)
Retained distributions on accumulation shares	3.21	5.70	5.64
Closing net asset value per share	366.13	376.67	409.08
 *after direct transaction costs of	 0.71	 0.76	 1.46
Performance			
Return after charges	(2.80)%	(7.92)%	15.33%
Other information			
Closing net asset value (£'000)	239,524	247,666	298,245
Closing number of shares	65,420,497	65,750,644	72,906,431
Operating charges	0.78%	0.79%	0.79%
Direct transaction costs	0.19%	0.20%	0.37%
Prices			
Highest share price	443.09	409.23	414.05
Lowest share price	273.81	318.00	350.80

Highest and Lowest share prices are based on official published daily NAVs priced at 12 noon on the last business day of the year. The closing net asset value per share is at close of business.

Aegon UK Smaller Companies Fund

Comparative Tables (continued)

D Accumulation shares**	2020 (p/share)	2019 (p/share)	2018 (p/share)
Change in net assets per share			
Opening net asset value per share	210.13	228.77	198.87
Return before operating charges*	32.05	(16.49)	32.12
Operating charges	(1.21)	(2.15)	(2.22)
Return after operating charges*	30.84	(18.64)	29.90
Distributions	-	(2.67)	(2.63)
Retained distributions on accumulation shares	-	2.67	2.63
Redemption value	(240.97)	-	-
Closing net asset value per share	-	210.13	228.77
 *after direct transaction costs of	 0.41	 0.42	 0.80
Performance			
Return after charges	14.68%	(8.15)%	15.03%
Other information			
Closing net asset value (£'000)	-	38	65
Closing number of shares	-	17,981	28,618
Operating charges	-	1.04%	1.04%
Direct transaction costs	-	0.20%	0.37%
Prices			
Highest share price	244.33	228.81	231.63
Lowest share price	198.65	177.66	196.66

Highest and Lowest share prices are based on official published daily NAVs priced at 12 noon on the last business day of the year. The closing net asset value per share is at close of business.

**Share class closed on 3 February 2020.

Aegon UK Smaller Companies Fund

Portfolio Statement

The sub-fund's investments as at 31 July 2020

Holding	Investment	Market valuation £'000	Total net assets %
Equities 99.82% (31 July 2019 98.00%)			
Basic Materials 2.36% (31 July 2019 2.45%)			
780,558	Synthomer	2,262	0.94
181,999	Victrex	3,409	1.42
		5,671	2.36
Consumer Goods 12.60% (31 July 2019 10.96%)			
163,408	A.G. Barr	702	0.29
872,599	Countryside Properties	2,471	1.03
45,000	Frontier Developments	874	0.36
655,129	Hilton Food	7,206	3.01
1,509,885	Hotel Chocolat	4,424	1.85
676,923	Inspeks	1,543	0.64
1,169,853	Sumo	2,006	0.84
1,240,838	Team17	7,544	3.15
314,003	Vistry	1,928	0.80
584,542	Watches of Switzerland	1,514	0.63
		30,212	12.60
Consumer Services 15.20% (31 July 2019 13.59%)			
295,912	4imprint	7,028	2.93
840,593	Ascential	2,268	0.95
1,051,326	City Pub	746	0.31
332,196	Dunelm	4,083	1.70
280,000	Euromoney Institutional Investor	2,220	0.93
333,240	Fuller Smith & Turner	1,960	0.82
92,709	Future	1,278	0.53
158,753	Greggs	1,896	0.79
222,337	JD Wetherspoon	1,878	0.78
1,078,803	Joules	1,111	0.46
810,493	Moneysupermarket.com	2,381	0.99
585,000	On the Beach	1,632	0.68
904,263	Patisserie*	-	-
1,590,957	Pebble	1,734	0.72
1,815,128	S4 Capital	6,244	2.61
		36,459	15.20
Financials 19.17% (31 July 2019 19.59%)			
304,561	AJ Bell	1,314	0.55
227,253	Alpha FX	1,836	0.77
217,958	Aquis Exchange	748	0.31
2,788,255	Brewin Dolphin	7,305	3.05
1,313,639	CLS	2,562	1.07
1,540,552	IntegraFin	8,334	3.48
1,190,000	John Laing	3,511	1.46
2,303,258	Just	1,031	0.43
169,644	Lancashire	1,313	0.55
982,125	Londonmetric Property	2,267	0.94
155,718	Mortgage Advice Bureau	931	0.39
583,406	Paragon	1,832	0.76
954,707	Secure Income REIT**	2,511	1.05
1,267,915	Tatton Asset Management	3,525	1.47
341,201	Unite	3,202	1.33
1,358,327	Virgin Money	1,188	0.49
416,197	Workspace	2,558	1.07
		45,968	19.17

Aegon UK Smaller Companies Fund

Portfolio Statement (continued)

Holding	Investment	Market valuation £'000	Total net assets %
Health Care 7.58% (31 July 2019 8.88%)			
342,661	Abcam	4,400	1.83
761,281	Advanced Medical Solutions	1,460	0.61
279,622	Dechra Pharmaceuticals	7,980	3.33
1,700,000	Omega Diagnostics	986	0.41
299,768	UDG Healthcare	2,133	0.89
1,214,422	Vectura	1,212	0.51
		18,171	7.58
Industrials 25.00% (31 July 2019 25.47%)			
115,671	Avon Rubber	3,835	1.60
558,440	Bodycote	3,141	1.31
96,313	Clarkson	1,974	0.82
169,489	Diploma	3,073	1.28
1,280,575	Forterra	1,985	0.83
541,723	Grafton	3,483	1.45
210,642	Hill & Smith	2,545	1.06
298,026	Howden Joinery	1,461	0.61
628,450	Keystone Law	3,161	1.32
125,775	Keywords Studios	2,391	1.00
1,429,747	Knights	5,869	2.45
624,263	Marshalls	3,708	1.54
389,639	Midwich	1,527	0.64
538,003	Polypipe	2,176	0.91
145,611	Ricardo	495	0.21
1,092,950	Robert Walters	4,525	1.89
537,070	RWS	3,233	1.35
912,536	Sanne	5,740	2.39
1,376,054	Strix	2,869	1.20
65,771	TMO Renewables*	-	-
115,339	Ultra Electronics	2,745	1.14
		59,936	25.00
Oil & Gas 1.77% (31 July 2019 3.45%)			
1,410,115	Cairn Energy	1,685	0.70
880,606	Diversified Gas & Oil	848	0.35
298,862	Great Eastern Energy Global Depositary Receipt	37	0.02
379,259	Hunting	680	0.28
89,049	Indus Gas	177	0.08
2,292,587	Premier Oil	809	0.34
		4,236	1.77
Technology 11.40% (31 July 2019 10.68%)			
68,750	Craneware	1,124	0.47
2,047,661	Dotdigital	2,324	0.97
621,152	FDM	5,771	2.41
1,519,357	GB Group	10,134	4.22
1,677,781	Learning Technologies	2,230	0.93
456,829	Softcat	5,756	2.40
		27,339	11.40

Aegon UK Smaller Companies Fund

Portfolio Statement (continued)

Holding	Investment	Market valuation £'000	Total net assets %
	Telecommunications 4.74% (31 July 2019 2.93%)		
721,158	Gamma Communications	11,358	4.74
		11,358	4.74
	Portfolio of investments	239,350	99.82
	Net other assets	435	0.18
	Total net assets attributable to shareholders	239,785	100.00

The comparative percentage figures in brackets are at 31 July 2019.

All investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market, unless otherwise stated.

As all holdings are equity shares there is no analysis of the portfolio by asset class.

*Unlisted, suspended and delisted.

**Real Estate Investment Trust.

Aegon UK Smaller Companies Fund

Statement of Total Return for the year ended 31 July 2020

			2020		2019
	Note	£'000	£'000	£'000	£'000
Income					
Net capital losses	2		(8,401)		(29,608)
Revenue	3	4,220		6,354	
Expenses	4	(2,087)		(2,279)	
Interest payable and similar charges		(1)		(2)	
Net revenue before taxation		2,132		4,073	
Taxation	5	(42)		(10)	
Net revenue after taxation			2,090		4,063
Total return before distributions			(6,311)		(25,545)
Distributions	6		(2,172)		(4,063)
Change in net assets attributable to shareholders from investment activities			(8,483)		(29,608)

Statement of Change in Net Assets Attributable to Shareholders for the year ended 31 July 2020

		2020		2019
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		263,677		317,818
Amounts receivable on issue of shares	10,655		6,172	
Amounts payable on cancellation of shares	(28,289)		(34,767)	
		(17,634)		(28,595)
Dilution adjustment		127		190
Change in net assets attributable to shareholders from investment activities		(8,483)		(29,608)
Retained distribution on accumulation shares		2,098		3,872
Closing net assets attributable to shareholders		239,785		263,677

Aegon UK Smaller Companies Fund

Balance Sheet as at 31 July 2020

			2020		2019
	Note	£'000	£'000	£'000	£'000
Assets					
Fixed assets:					
Investments			239,350		258,410
Current assets:					
Debtors	7	942		1,080	
Cash and bank balances	8	494		5,052	
			1,436		6,132
Total assets			240,786		264,542
Liabilities					
Creditors					
Other creditors	9	1,001		865	
Total liabilities			1,001		865
Net assets attributable to shareholders			239,785		263,677

Aegon UK Smaller Companies Fund

Notes to the Financial Statements

1 Accounting policies

The sub-fund's financial statements have been prepared on the basis disclosed on pages 12 to 14.

2 Net capital losses

Net capital losses comprise:

	2020	2019
	£'000	£'000
Losses on non-derivative securities	(8,370)	(29,602)
Currency exchange losses	(27)	(1)
Transaction charges	(4)	(5)
Net capital losses	(8,401)	(29,608)

3 Revenue

	2020	2019
	£'000	£'000
UK dividends	3,644	5,521
Non-taxable overseas dividends	103	265
Property income from REITs	463	545
Bank interest	7	23
Underwriting commission	3	-
Total revenue	4,220	6,354

4 Expenses*

	2020	2019
	£'000	£'000
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	2,005	2,180
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary fee	53	66
Other expenses:		
Audit fee**	9	9
FT publishing fee	4	4
Legal fees	4	-
PRIIPs fees	1	4
Registrar's fee	2	4
Safe custody charge	9	12
	29	33
Total expenses	2,087	2,279

*All expenditure stated above is inclusive of irrecoverable VAT where applicable.

**The audit fee (excluding VAT) incurred during the year was £8,500 (2019: £7,715).

5 Taxation

a) Analysis of charge in the year

	2020	2019
	£'000	£'000
Current tax:		
Overseas tax suffered	42	10
Total tax charge for the year (see note 5 (b))	42	10

Aegon UK Smaller Companies Fund

Notes to the Financial Statements (continued)

5 Taxation (continued)

b) Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019: lower than) the standard rate of corporation tax for Open Ended Investment Companies 'OEICs' (20%)

The differences are explained below:

	2020	2019
	£'000	£'000
Net revenue before taxation	2,132	4,073
Corporation tax 20% (2019: 20%)	426	815
Effects of:		
Movement in excess expenses	323	343
Overseas tax suffered	42	10
Revenue not subject to taxation	(749)	(1,158)
Total tax charge for the year (see note 5 (a))	42	10

c) Factors that may affect future tax charges

After claiming relief against accrued revenue taxable on receipt, the sub-fund has unrelieved excess expenses of £10,825,000 (2019: £9,208,000). It is unlikely that the sub-fund will generate sufficient taxable profits in the future to utilise these expenses and therefore a deferred tax asset of £2,165,000 (2019: £1,842,000) has not been recognised.

6 Distributions

a) Distributions

The distributions take account of amounts receivable on the issue of shares and amounts deductible on the cancellation of shares, and comprise:

	2020	2019
	£'000	£'000
Final distribution	2,098	3,872
	2,098	3,872
Add: amounts deductible on cancellation of shares	149	231
Less: amounts receivable on creation of shares	(75)	(40)
Distributions	2,172	4,063

Details of the distributions are set out in the tables on page 98.

b) Movement between net revenue and distribution

	2020	2019
	£'000	£'000
Net revenue after taxation	2,090	4,063
Equalisation on conversions	82	-
Distributions	2,172	4,063

7 Debtors

	2020	2019
	£'000	£'000
Accrued revenue	234	276
Amounts receivable for the issue of shares	92	123
Sales awaiting settlement	616	672
Reclaimable overseas tax	-	7
UK Income tax recoverable	-	2
Debtors	942	1,080

8 Cash and bank balances

	2020	2019
	£'000	£'000
Cash and bank balances	494	6
Money market deposits	-	5,046
Cash and bank balances	494	5,052

Aegon UK Smaller Companies Fund

Notes to the Financial Statements (continued)

9 Other creditors

	2020	2019
	£'000	£'000
Accrued ACD periodic charge	155	182
Accrued other expenses	26	27
Amounts payable for cancellation of shares	338	656
Purchases awaiting settlement	482	-
Other creditors	1,001	865

10 Related parties

Related party interests in the sub-fund are disclosed in Note 6 of the Accounting Policies on page 17. Amounts due to the ACD as at year end for the ACD periodic charge and amounts due to the ACD for outstanding cancellations are disclosed in Note 9. Amounts receivable from the ACD as at year end for outstanding issue of shares are disclosed in Note 7. At the year-end 95.17% (2019: 96.90%) of the shares in issue were owned by AEGON Group or AEGON UK companies.

11 Contingent assets, liabilities and commitments

There were no contingent assets, liabilities or commitments present in the sub-fund as at 31 July 2020 (2019: Nil).

12 Financial instruments and risk

The risks associated with the sub-fund are market, concentration, valuation, yield, liquidity, counterparty, and interest rate risk. Narrative disclosures are on pages 15 to 17.

VaR Disclosure

The Manager assesses the market risk of the sub-fund's investments, including any derivative exposure, using a value at risk methodology. This process provides the Manager with an estimate of the maximum potential loss that could be expected to occur as a result of changes in market prices over a given period of time in all but a given percentage of circumstances. The value at risk is calculated on a 95.00% (2019: 95.00%) confidence interval with a one month time horizon and a five year history, using the Historical model. The sub-fund has an absolute VaR limit of 14.10% (2019: 14.10%). As at the balance sheet date, the sub-fund's value at risk is 7.43% (2019: 6.23%).

The following table details the lowest, highest and average utilisation of the VaR limit:

	Lowest Utilisation (%)	Highest Utilisation (%)	Average Utilisation (%)
31 July 2020	5.48	7.96	6.50
31 July 2019	4.25	6.82	5.80

Leverage

As the sub-fund has not traded in derivatives throughout the year there is no significant exposure to leverage.

Counterparty risk

As the sub-fund has not traded in derivatives throughout the year there is no significant counterparty risk.

13 Portfolio transaction costs

Purchases

	Value £'000	Commissions £'000		Other Costs* £'000	%
31 July 2020					
Equities	93,926	76	0.08	303	0.32
Total	93,926	76		303	
Total purchases including transaction costs	94,305				
31 July 2019					
Equities	98,315	85	0.09	335	0.34
Total	98,315	85		335	
Total purchases including transaction costs	98,735				

*Other Costs includes taxes and any other costs other than commissions incurred by the sub-fund when buying and selling an underlying investment.

Aegon UK Smaller Companies Fund

Notes to the Financial Statements (continued)

13 Portfolio transaction costs (continued)

Sales

31 July 2020	Value £'000	Commissions £'000	%	Other Costs* £'000	%
Equities	105,089	(94)	0.09	(1)	-
Total	105,089	(94)		(1)	
Total sales net of transaction costs	104,994				
31 July 2019					
Equities	132,212	(135)	0.10	(1)	-
Total	132,212	(135)		(1)	
Total sales net of transaction costs	132,076				

*Other Costs includes taxes and any other costs other than commissions incurred by the sub-fund when buying and selling an underlying investment.

Portfolio transaction costs are incurred by the sub-fund when buying and selling underlying investments. These vary depending on the class of investment, country of exchange and method of execution. These costs can be classified as either direct or indirect transaction costs:

- Direct transaction costs: Broker commissions, fees and taxes.
- Indirect transaction costs: 'Dealing spread' - the difference between the buying and selling prices of the sub-fund's underlying investments.

In order to protect existing investors from the effects of dilution, portfolio transaction costs incurred as a result of investors buying and selling shares in the sub-fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

At the balance sheet date, the portfolio dealing spread was 0.38% (2019: 0.37%), being the difference between the respective bid and offer prices for the sub-fund's investments.

14 Fair value hierarchy

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The fair value hierarchy has the following levels:

Level 1 – Unadjusted quoted price in an active market for an identical instrument.

Level 2 – Valuation techniques using observable inputs other than quoted prices within level 1.

Level 3 – Valuation techniques using unobservable inputs.

Basis of valuation	2020		2019	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
1 - Unadjusted quoted prices	239,350	-	258,410	-
2 - Observable market data	-	-	-	-
3 - Unobservable data	-	-	-	-
	239,350	-	258,410	-

15 Share classes

The sub-fund currently has two share classes; A (Retail) and B (Institutional). The ACD's periodic charge on each share class is as follows:

A share class: 1.50%

B share class: 0.75%

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative tables on pages 86 and 87. The distribution per share class is given in the distribution tables on page 98. All share classes have the same rights on winding up.

Share class movement reconciliation

31 July 2020	Opening	Creations	Cancellations	Converted	Closing
A Accumulation	4,597,182	198,356	(513,460)	(4,204,176)	77,902
B Accumulation	65,750,644	2,749,873	(6,945,270)	3,865,250	65,420,497
D Accumulation*	17,981	4,775	(7,331)	(15,425)	-

*Share class closed on 3 February 2020.

Aegon UK Smaller Companies Fund

Notes to the Financial Statements (continued)

16 Post balance sheet events

The table below shows the net asset values per share as at the balance sheet date, compared against values as at 23 November 2020 and the percentage movement in that period:

Net assets per share			
	31 July 2020	23 November 2020	Movement
A Accumulation	335.21	385.82	15.10%
B Accumulation	366.13	422.40	15.37%

Following the COVID-19 outbreak there has been an on-going period of high volatility in global financial markets. As a result, we have witnessed significant movements in the net asset value of the sub-fund since the balance sheet date. During the period from the balance sheet date to 23 November 2020, the net asset value per B Accumulation share has increased by 15.37%.

Aegon UK Smaller Companies Fund

Distribution Tables

Share Class A Accumulation						
Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2019 Total Paid
31/07/20	30/11/20	Group 1	0.3137	N/A	0.3137	2.6966
		Group 2	0.0000	0.3137		

Share Class B Accumulation						
Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2019 Total Paid
31/07/20	30/11/20	Group 1	3.2064	N/A	3.2064	5.6996
		Group 2	0.4224	2.7840		

Share Class D Accumulation**						
Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2019 Total Paid
31/07/20	30/11/20	Group 1	-	-	-	2.6695
		Group 2	-	-		

All distributions above are in pence per share unless specifically stated.

*Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being a capital repayment, it is not liable to income tax but must be deducted from the cost of the shares for capital gains tax purposes.

**Share class closed on 3 February 2020.

Aegon UK Opportunities Fund

Fund objective*

The investment objective is to provide a combination of income and capital growth over any 7 year period. At least 80% of the sub-fund will be invested in equities of companies which are listed, quoted or traded in UK markets or which have their headquarters or a significant part of their activities in the UK but which may also be quoted on a regulated market outside of the UK.

Risk profile

The sub-fund will target retail and institutional investors seeking pooled exposure to the UK equity market and who are comfortable with a higher level of investment risk. In most cases, we expect the sub-fund to be held as part of a diversified portfolio, which may include other assets such as bonds, equities, property and cash. While investors will normally be able to liquidate their holdings on a daily basis, unit prices will fluctuate and may fall significantly in value. Consequently, it is important to understand that the sub-fund should be viewed as a longer-term investment.

The sub-fund is actively managed and exposed to a range of risks, which are listed and defined in the Aegon Asset Management UK ICVC Prospectus. The most material risks from this list also appear in our Key Investor Information documents (KIID) where they are summarised in an easy-to-read format. You can find both of these documents on our website at www.aegonam.com.

Performance**

The Aegon UK Opportunities Fund returned 2.13% compared with the peer group median return of (15.46)%. The peer group is the Investment Association UK All Companies sector.

Strategy review***

Over the year equity markets experienced a rollercoaster ride with volatility spiking to unprecedented levels. The backdrop was relatively positive initially as encouraging economic data, coupled with low interest rates, boosted markets. However, the onset of the Covid-19 pandemic in the first quarter of 2020 led to an incredibly sharp sell-off in markets as economies were forced into lockdown. The subsequent efforts of both governments and central banks to support economies settled investor nerves to an extent and allowed markets to rally significantly up to the year-end.

Despite the extremely challenging backdrop the sub-fund posted a positive return, in contrast to the peer group median which finished the year with a significant negative return. Sector allocation added value, but it was strong, disciplined stock selection that accounted for the majority of the relative outperformance.

Within sector allocation, our overweight positions in technology, support services and pharmaceuticals added value, as did the underweights in oil & gas, banks and travel & leisure; in general many cyclical areas of the market struggled. These positive outcomes were partially offset by our lack of exposure to the food retailer and utilities sectors.

Within stock selection, the key positive contributors included names that experienced less operational disruption from the coronavirus and, latterly, those that were beneficiaries of lockdowns easing. Avast (a leading global consumer cyber security business) is a beneficiary of more working from home. It provides a diversified product offer and is actively increasing customer monetisation. A proportion of its revenues are recurring, giving the company reasonable visibility and strong cash flow generation. Gamma Communications, the disruptive telecoms business which provides data and cloud-based connectivity solutions, also performed well. The company is cash generative, has a strong balance sheet and looks well-set to continue to pay its dividend.

Elsewhere, our holding in HIKMA Pharmaceuticals also added value, while S4 Capital (a provider of digital marketing services), benefited from customers accelerating their shift towards digital. Being underweight in HSBC, BP and Royal Dutch Shell was also positive.

The main detractors from performance included positions in financial names such as M&G and Standard Chartered. Within the pharmaceutical sector, holding an underweight position in AstraZeneca and not holding GlaxoSmithKline also detracted, although this was mitigated by our overweight exposure to the pharmaceutical sector overall, which added value.

Outlook

Short term volatility could be a feature for the remainder of 2020. However, this can provide an opportunity for bottom-up investors and our overall, longer-term outlook is positive.

*Please note that the sub-fund's objective has been updated effective 7 September 2020. The latest update can found in the sub-fund's prospectus at www.aegonam.com.

**Source: Lipper, % growth, income re-invested at pay date, NAV-NAV, GBP, net of Basic Rate Tax. Index returns are gross of Basic Rate Tax. Investors are invited to compare the sub-fund's performance against the performance of other funds within the Investment Association All UK Companies Sector. Comparison of the sub-fund against this Peer Group will give investors an indication of how the sub-fund is performing compared with funds investing in a similar but not identical investment universe. This comparison should be performed over at least a 7 year period to provide the most useful long term comparison.

***General references to markets and indices are to be considered as general market commentary only and (i) are not to be considered as a comparison of sub-fund performance against a benchmark (unless otherwise disclosed as such); and (ii) the index or indices do not operate as a performance target and the sub-fund's portfolio is not constrained by the index or indices.

Aegon UK Opportunities Fund

Material portfolio changes

Top ten purchases	31 July 2020 £'000	Top ten sales	31 July 2020 £'000
Beazley	4,772	Entertainment One	5,615
Avast	4,214	Rentokil Initial	4,783
4imprint	3,534	Diageo	4,768
CRH	3,371	HomeServe	4,262
Moneysupermarket.com	3,042	Keywords Studios	2,731
easyJet	2,805	Croda International	2,660
M&G	2,640	Aveva	2,411
Dunelm	2,553	Huntsworth	2,358
Balfour Beatty	2,501	Vitec	2,287
Bodycote	2,290	Meggitt	2,125

Aegon UK Opportunities Fund

Comparative Tables

A Accumulation shares	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	189.55	200.10	187.79
Return before operating charges*	3.95	(7.76)	15.28
Operating charges	(2.95)	(2.79)	(2.97)
Return after operating charges*	1.00	(10.55)	12.31
Distributions	(0.69)	(0.78)	(1.53)
Retained distributions on accumulation shares	0.69	0.78	1.53
Closing net asset value per share	190.55	189.55	200.10
 *after direct transaction costs of	 0.61	 0.86	 1.34
Performance			
Return after charges	0.53%	(5.27)%	6.56%
Other information			
Closing net asset value (£'000)	205	8,638	10,425
Closing number of shares	107,660	4,557,327	5,209,714
Operating charges	1.54%	1.55%	1.54%
Direct transaction costs	0.32%	0.48%	0.70%
Prices			
Highest share price	216.99	201.15	206.05
Lowest share price	138.62	158.45	180.72

B Accumulation shares	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	204.98	214.77	200.05
Return before operating charges*	4.26	(8.24)	16.36
Operating charges	(1.65)	(1.55)	(1.64)
Return after operating charges*	2.61	(9.79)	14.72
Distributions	(2.32)	(2.30)	(3.19)
Retained distributions on accumulation shares	2.32	2.30	3.19
Closing net asset value per share	207.59	204.98	214.77
 *after direct transaction costs of	 0.66	 0.92	 1.44
Performance			
Return after charges	1.27%	(4.56)%	7.36%
Other information			
Closing net asset value (£'000)	123,255	119,283	125,559
Closing number of shares	59,373,133	58,191,264	58,460,593
Operating charges	0.79%	0.80%	0.80%
Direct transaction costs	0.32%	0.48%	0.70%
Prices			
Highest share price	235.47	216.03	220.93
Lowest share price	150.62	170.59	193.28

Highest and Lowest share prices are based on official published daily NAVs priced at 12 noon on the last business day of the year. The closing net asset value per share is at close of business.

Aegon UK Opportunities Fund

Comparative Tables (continued)

D Accumulation shares**	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	164.23	172.51	161.08
Return before operating charges*	18.68	(6.65)	13.16
Operating charges	(0.93)	(1.63)	(1.73)
Return after operating charges*	17.75	(8.28)	11.43
Distributions	-	(1.45)	(2.15)
Retained distributions on accumulation shares	-	1.45	2.15
Redemption value	(181.98)	-	-
Closing net asset value per share	-	164.23	172.51
 *after direct transaction costs of	 0.54	 0.74	 1.16
Performance			
Return after charges	10.81%	(4.80)%	7.10%
Other information			
Closing net asset value (£'000)	-	179	246
Closing number of shares	-	109,097	142,819
Operating charges	-	1.05%	1.05%
Direct transaction costs	-	0.48%	0.70%
Prices			
Highest share price	188.45	173.48	177.51
Lowest share price	157.57	136.88	155.43

Highest and Lowest share prices are based on official published daily NAVs priced at 12 noon on the last business day of the year. The closing net asset value per share is at close of business.

**Share class closed on 3 February 2020.

Aegon UK Opportunities Fund

Portfolio Statement

The sub-fund's investments as at 31 July 2020

Holding	Investment	Market valuation £'000	Total net assets %
	Equities 98.99% (31 July 2019 98.83%)		
	Basic Materials 6.13% (31 July 2019 9.58%)		
125,423	Rio Tinto	5,788	4.69
615,366	Synthomer	1,783	1.44
		7,571	6.13
	Consumer Goods 12.93% (31 July 2019 17.55%)		
136,860	Burberry	1,713	1.39
215,791	Coca-Cola	4,320	3.50
1,123,447	Countryside Properties	3,182	2.58
189,453	Hilton Food	2,084	1.69
966,245	Hotel Chocolat	2,831	2.29
300,559	Team17	1,827	1.48
		15,957	12.93
	Consumer Services 19.95% (31 July 2019 13.66%)		
120,137	4imprint	2,853	2.31
879,650	Ascential	2,373	1.92
297,107	Dunelm	3,651	2.96
36,274	Just Eat	2,992	2.43
862,379	Moneysupermarket.com	2,534	2.05
311,505	RELX	5,029	4.07
962,018	S4 Capital	3,309	2.68
460,272	Trainline	1,882	1.53
		24,623	19.95
	Financials 16.50% (31 July 2019 16.10%)		
690,000	Beazley	2,879	2.33
562,201	IntegraFin	3,041	2.46
807,850	John Laing	2,383	1.93
2,307,102	Just	1,033	0.84
38,111	London Stock Exchange	3,233	2.62
217,977	Prudential	2,409	1.95
971,807	Secure Income REIT*	2,556	2.07
735,638	Standard Chartered	2,837	2.30
		20,371	16.50
	Health Care 11.22% (31 July 2019 9.73%)		
148,274	Abcam	1,904	1.54
59,509	AstraZeneca	5,076	4.11
120,479	Dechra Pharmaceuticals	3,438	2.79
159,776	HIKMA Pharmaceutical	3,434	2.78
		13,852	11.22
	Industrials 17.17% (31 July 2019 18.93%)		
100,481	Avon Rubber	3,331	2.70
917,802	Balfour Beatty	2,206	1.79
285,126	Bodycote	1,604	1.30
136,421	CRH	3,772	3.05
143,740	Diploma	2,606	2.11
49,273	Ferguson	3,346	2.71
424,713	Grafton	2,731	2.21
390,398	Knights	1,603	1.30
		21,199	17.17
	Oil & Gas 1.49% (31 July 2019 3.15%)		
1,541,732	Cairn Energy	1,842	1.49
		1,842	1.49

Aegon UK Opportunities Fund

Portfolio Statement (continued)

Holding	Investment	Market valuation £'000	Total net assets %
	Technology 10.12% (31 July 2019 7.67%)		
904,827	Avast	5,194	4.21
86,772	Aveva	3,597	2.91
555,512	GB Group	3,705	3.00
		12,496	10.12
	Telecommunications 3.48% (31 July 2019 2.46%)		
273,014	Gamma Communications	4,300	3.48
		4,300	3.48
	Portfolio of investments	122,211	98.99
	Net other assets	1,249	1.01
	Total net assets attributable to shareholders	123,460	100.00

The comparative percentage figures in brackets are at 31 July 2019.

All investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market, unless otherwise stated.

As all holdings are equity shares there is no analysis of the portfolio by asset class.

*Real Estate Investment Trust.

Aegon UK Opportunities Fund

Statement of Total Return for the year ended 31 July 2020

			2020		2019
	Note	£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	2		1,034		(7,813)
Revenue	3	2,414		2,423	
Expenses	4	(1,034)		(1,039)	
Interest payable and similar charges		-		(1)	
Net revenue before taxation		1,380		1,383	
Taxation	5	(30)		(3)	
Net revenue after taxation			1,350		1,380
Total return before distributions			2,384		(6,433)
Distributions	6		(1,390)		(1,380)
Change in net assets attributable to shareholders from investment activities			994		(7,813)

Statement of Change in Net Assets Attributable to Shareholders for the year ended 31 July 2020

		2020		2019
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		128,100		136,230
Amounts receivable on issue of shares	8,387		1,774	
Amounts payable on cancellation of shares	(15,465)		(3,465)	
		(7,078)		(1,691)
Dilution adjustment		67		-
Change in net assets attributable to shareholders from investment activities		994		(7,813)
Retained distribution on accumulation shares		1,377		1,374
Closing net assets attributable to shareholders		123,460		128,100

Aegon UK Opportunities Fund

Balance Sheet as at 31 July 2020

			2020		2019
	Note	£'000	£'000	£'000	£'000
Assets					
Fixed assets:					
Investments			122,211		126,596
Current assets:					
Debtors	7	131		3,748	
Cash and bank balances	8	1,428		1,120	
			1,559		4,868
Total assets			123,770		131,464
Liabilities					
Creditors					
Other creditors	9	310		3,364	
Total liabilities			310		3,364
Net assets attributable to shareholders			123,460		128,100

Aegon UK Opportunities Fund

Notes to the Financial Statements

1 Accounting policies

The sub-fund's financial statements have been prepared on the basis disclosed on pages 12 to 14.

2 Net capital gains/(losses)

Net capital gains/(losses) comprise:

	2020	2019
	£'000	£'000
Gains/(losses) on non-derivative securities	652	(7,647)
Gains/(losses) on derivative securities	383	(166)
Currency exchange gains	1	3
Transaction charges	(2)	(3)
Net capital gains/(losses)	1,034	(7,813)

3 Revenue

	2020	2019
	£'000	£'000
UK dividends	2,090	2,080
Non-taxable overseas dividends	146	208
Property income from REITs	170	120
Bank interest	8	15
Total revenue	2,414	2,423

4 Expenses*

	2020	2019
	£'000	£'000
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	984	984
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary fee	26	29
Other expenses:		
Audit fee**	9	9
FT publishing fee	4	4
Legal fees	4	-
PRIIPs fees	1	4
Registrar's fee	2	4
Safe custody charge	4	5
	24	26
Total expenses	1,034	1,039

*All expenditure stated above is inclusive of irrecoverable VAT where applicable.

**The audit fee (excluding VAT) incurred during the year was £8,500 (2019: £7,715).

5 Taxation

a) Analysis of charge in the year

	2020	2019
	£'000	£'000
Current tax:		
Overseas tax suffered	30	3
Total tax charge for the year (see note 5 (b))	30	3

Aegon UK Opportunities Fund

Notes to the Financial Statements (continued)

5 Taxation (continued)

b) Factors affecting tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax for Open Ended Investment Companies 'OEICs' (20%).

The differences are explained below:

	2020 £'000	2019 £'000
Net revenue before taxation	1,380	1,383
Corporation tax 20% (2019: 20%)	276	277
Effects of:		
Movement in excess expenses	171	181
Overseas tax suffered	30	3
Revenue not subject to taxation	(447)	(458)
Total tax charge for the year (see note 5 (a))	30	3

c) Factors that may affect future tax charges

After claiming relief against accrued revenue taxable on receipt, the sub-fund has unrelieved excess expenses of £8,829,000 (2019: £7,974,000). It is unlikely that the sub-fund will generate sufficient taxable profits in the future to utilise these expenses and therefore a deferred tax asset of £1,766,000 (2019: £1,595,000) has not been recognised.

6 Distributions

a) Distributions

The distributions take account of amounts receivable on the issue of shares and amounts deductible on the cancellation of shares, and comprise:

	2020 £'000	2019 £'000
Final distribution	1,377	1,374
	1,377	1,374
Add: amounts deductible on cancellation of shares	86	13
Less: amounts receivable on creation of shares	(73)	(7)
Distributions	1,390	1,380

Details of the distributions are set out in the tables on page 112.

b) Movement between net revenue and distribution

	2020 £'000	2019 £'000
Net revenue after taxation	1,350	1,380
Equalisation on conversion	40	-
Distributions	1,390	1,380

7 Debtors

	2020 £'000	2019 £'000
Accrued revenue	100	179
Amounts receivable for the issue of shares	31	59
Sales awaiting settlement	-	3,507
Reclaimable overseas tax	-	3
Debtors	131	3,748

8 Cash and bank balances

	2020 £'000	2019 £'000
Cash and bank balances	1,428	1,120
Cash and bank balances	1,428	1,120

Aegon UK Opportunities Fund

Notes to the Financial Statements (continued)

9 Other creditors

	2020	2019
	£'000	£'000
Accrued ACD periodic charge	81	86
Accrued other expenses	19	20
Amounts payable for cancellation of shares	163	112
Purchases awaiting settlement	47	3,146
Other creditors	310	3,364

10 Related parties

Related party interests in the sub-fund are disclosed in Note 6 of the Accounting Policies on page 17. Amounts due to the ACD as at year end for the ACD periodic charge and amounts due to the ACD for outstanding cancellations are disclosed in Note 9. Amounts receivable from the ACD as at year end for outstanding issue of shares are disclosed in Note 7. At the year-end 95.92% (2019: 97.80%) of the shares in issue were owned by AEGON Group or AEGON UK companies.

11 Contingent assets, liabilities and commitments

There were no contingent assets, liabilities or commitments present in the sub-fund as at 31 July 2020 (2019: Nil).

12 Financial instruments and risk

The risks associated with the sub-fund are market, concentration, valuation, yield, liquidity, counterparty, and interest rate risk. Narrative disclosures are on pages 15 to 17.

VaR Disclosure

The Manager assesses the market risk of the sub-fund's investments, including any derivative exposure, using a value at risk methodology. This process provides the Manager with an estimate of the maximum potential loss that could be expected to occur as a result of changes in market prices over a given period of time in all but a given percentage of circumstances. The value at risk is calculated on a 95.00% (2019: 95.00%) confidence interval with a one month time horizon and a five year history, using the Historical model. The sub-fund has an absolute VaR limit of 14.10% (2019: 14.10%). As at the balance sheet date, the sub-fund's value at risk is 6.53% (2019: 5.37%).

The following table details the lowest, highest and average utilisation of the VaR limit:

	Lowest Utilisation (%)	Highest Utilisation (%)	Average Utilisation (%)
31 July 2020	4.39	6.94	5.51
31 July 2019	4.61	5.92	5.36

Leverage

As the sub-fund has not traded in derivatives throughout the year there is no significant exposure to leverage.

Counterparty risk

As the sub-fund has not traded in derivatives throughout the year there is no significant counterparty risk.

13 Portfolio transaction costs

Purchases

	Value £'000	Commissions £'000	%	Other Costs* £'000	%
31 July 2020					
Equities	65,082	47	0.07	295	0.45
Total	65,082	47		295	
Total purchases including transaction costs	65,424				
31 July 2019					
Equities	99,635	66	0.07	441	0.44
Total	99,635	66		441	
Total purchases including transaction costs	100,142				

*Other Costs includes taxes and any other costs other than commissions incurred by the sub-fund when buying and selling an underlying investment.

Aegon UK Opportunities Fund

Notes to the Financial Statements (continued)

13 Portfolio transaction costs (continued)

Sales

31 July 2020	Value £'000	Commissions £'000	%	Other Costs* £'000	%
Equities	70,516	(55)	0.08	-	-
Total	70,516	(55)		-	
Total sales net of transaction costs	70,461				
31 July 2019					
Equities	101,188	(73)	0.07	-	-
Total	101,188	(73)		-	
Total sales net of transaction costs	101,115				

*Other Costs includes taxes and any other costs other than commissions incurred by the sub-fund when buying and selling an underlying investment.

Portfolio transaction costs are incurred by the sub-fund when buying and selling underlying investments. These vary depending on the class of investment, country of exchange and method of execution. These costs can be classified as either direct or indirect transaction costs:

- Direct transaction costs: Broker commissions, fees and taxes.
- Indirect transaction costs: 'Dealing spread' - the difference between the buying and selling prices of the sub-fund's underlying investments.

In order to protect existing investors from the effects of dilution, portfolio transaction costs incurred as a result of investors buying and selling shares in the sub-fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

At the balance sheet date, the portfolio dealing spread was 0.19% (2019: 0.18%), being the difference between the respective bid and offer prices for the sub-fund's investments.

14 Fair value hierarchy

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The fair value hierarchy has the following levels:

Level 1 – Unadjusted quoted price in an active market for an identical instrument.

Level 2 – Valuation techniques using observable inputs other than quoted prices within level 1.

Level 3 – Valuation techniques using unobservable inputs.

Basis of valuation	2020		2019	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
1 - Unadjusted quoted prices	122,211	-	126,596	-
2 - Observable market data	-	-	-	-
3 - Unobservable data	-	-	-	-
	122,211	-	126,596	-

15 Share classes

The sub-fund currently has two share classes; A (Retail) and B (Institutional). The ACD's periodic charge on each share class is as follows:

A share class: 1.50%

B share class: 0.75%

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative tables on pages 101 and 102. The distribution per share class is given in the distribution tables on page 112. All share classes have the same rights on winding up.

Share class movement reconciliation

31 July 2020	Opening	Creations	Cancellations	Converted	Closing
A Accumulation	4,557,327	596,278	(1,205,320)	(3,840,625)	107,660
B Accumulation	58,191,264	3,738,989	(6,112,811)	3,555,691	59,373,133
D Accumulation*	109,097	480	(79,955)	(29,622)	-

*Share class closed on 3 February 2020.

Aegon UK Opportunities Fund

Notes to the Financial Statements (continued)

16 Post balance sheet events

The table below shows the net asset values per share as at the balance sheet date, compared against values as at 23 November 2020 and the percentage movement in that period:

Net assets per share			
	31 July 2020	23 November 2020	Movement
A Accumulation	190.55	211.64	11.07%
B Accumulation	207.59	231.12	11.33%

Following the COVID-19 outbreak there has been an on-going period of high volatility in global financial markets. As a result, we have witnessed significant movements in the net asset value of the sub-fund since the balance sheet date. During the period from the balance sheet date to 23 November 2020, the net asset value per B Accumulation share has increased by 11.33%.

Aegon UK Opportunities Fund

Distribution Tables

Share Class A Accumulation						
Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2019 Total Paid
31/07/20	30/11/20	Group 1	0.6947	N/A	0.6947	0.7773
		Group 2	0.0000	0.6947		

Share Class B Accumulation						
Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2019 Total Paid
31/07/20	30/11/20	Group 1	2.3186	N/A	2.3186	2.2976
		Group 2	0.3771	1.9415		

Share Class D Accumulation**						
Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2019 Total Paid
31/07/20	30/11/20	Group 1	-	-	-	1.4528
		Group 2				

All distributions above are in pence per share unless specifically stated.

*Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being a capital repayment, it is not liable to income tax but must be deducted from the cost of the shares for capital gains tax purposes.

**Share class closed on 3 February 2020.

Aegon Strategic Bond Fund

Fund objective*

The investment objective is to provide a combination of income and capital growth over any 7 year period. At least 80% of the sub-fund will be invested in a diverse portfolio of corporate bonds and government and public securities issued anywhere in the world and denominated in any currency, with proportions being flexibly adjusted at different stages of the economic and market cycle. The sub-fund may also invest in deposits and money market instruments, and derivative instruments and forward transactions may also be used for efficient portfolio management.

Risk profile

The sub-fund is designed for retail and institutional investors seeking pooled exposure to global bond markets and who are comfortable with a medium level of investment risk. In most cases, we expect the sub-fund to be held as part of a diversified portfolio which may include other assets such as bonds, equities, property and cash. While investors will normally be able to liquidate their holdings on a daily basis, unit prices will fluctuate and may fall significantly in value. Consequently, it is important to understand that the sub-fund should be viewed as a longer term investment.

The sub-fund is actively managed and exposed to a range of risks, which are listed and defined in the Aegon Asset Management UK ICVC Prospectus. The most material risks from this list also appear in our Key Investor Information documents (KIID) where they are summarised in an easy-to-read format. You can find both of these documents on our website at www.aegonam.com.

Performance**

The Aegon Strategic Bond Fund returned 9.81% compared to the peer group median return of 4.14%. The peer group is the Investment Association Sterling Strategic Bond sector.

Strategy review***

Bond markets performed strongly over the year under review, although it was without doubt an extremely volatile 12 months. The year was marked by the onset of the coronavirus pandemic during the first half of 2020 as well as the support provided by central banks and governments, which was visible throughout the year. This support helped both government and corporate bond markets, with the latter outperforming the former.

The sub-fund was well-positioned to capitalise on the support offered to the market, with performance well ahead of the peer group median. At the beginning of the year, we positioned the sub-fund to benefit from the relatively positive backdrop. This meant we held a bias towards investment grade bonds over their high yield counterparts, and a preference for corporate bonds over government debt. Our positioning aided performance as we moved towards the end of 2019.

In the first few months of 2020, the coronavirus pandemic began to take hold, with many economies locked down in an effort to control the virus. This caused an unprecedented sell-off in most assets, before central banks and governments once again intervened with stimulus policies that were also unprecedented in their magnitude.

We viewed the situation as offering a once-in-a-decade opportunity to own corporate bonds, such was the valuation dislocation in light of the degree of central bank support. We retained, therefore, our preference for corporate bond risk over government bond risk which added value. Within our corporate bond exposure, we benefited from our bias towards the US market over its EU counterpart, and we focused more on the investment grade sector over high yield, although we did increase our exposure to the latter as the backdrop improved.

Our positioning benefited performance up to the end of the year, with stock selection a key contributor. A feature over the year was the record levels of primary issuance coming to the market. Overall, this was mopped-up easily by investors and it brought with it a range of attractive opportunities. We therefore actively managed the portfolio from a bottom-up perspective and rotated into new opportunities as they presented themselves.

Finally, government bond markets were something of a sideshow in comparison to their corporate bond cousins. We favoured maintaining an elevated level of duration (a measure of interest rate risk) as we saw little risk of a meaningful increase in yields given the economic challenges faced, and instead only tactically adjusted our duration higher or lower to play the ranges.

Outlook

The ongoing challenging economic backdrop continues to cause concern, as will another round of cliff-edge Brexit negotiations. In this environment we expect central banks to continue offering support to economies which, in turn, is positive for fixed income markets.

*Please note that the sub-fund's objective has been updated effective 7 September 2020. The latest update can be found in the sub-fund's prospectus at www.aegonam.com.

**Source: Lipper, % growth, income re-invested at pay date, NAV-NAV, GBP, net of Basic Rate Tax. Index returns are gross of Basic Rate Tax. Investors are invited to compare the sub-fund's performance against the performance of other funds within the Investment Association Strategic Bond Sector. Comparison of the sub-fund against this Peer Group will give investors an indication of how the sub-fund is performing compared with funds investing in a similar but not identical investment universe. This comparison should be performed over at least a 7 year period to provide the most useful long term comparison.

***General references to markets and indices are to be considered as general market commentary only and (i) are not to be considered as a comparison of sub-fund performance against a benchmark (unless otherwise disclosed as such); and (ii) the index or indices do not operate as a performance target and the sub-fund's portfolio is not constrained by the index or indices.

Aegon Strategic Bond Fund

Material portfolio changes			
Top ten purchases	31 July 2020	Top ten sales	31 July 2020
	£'000		£'000
US Treasury Bond 3.375% 15/11/2048	16,914	United Kingdom Gilt 1% 22/04/2024	23,607
Canadian Government Bond 1.5% 01/09/2024	12,537	US Treasury Bond 3.375% 15/11/2048	15,300
US Treasury Inflation Indexed Bond 0.25% 15/07/2029	12,061	French Republic Government Bond OAT 0.25% 25/07/2024	14,947
United Kingdom Gilt 1% 22/04/2024	11,748	UniCredit 6.625% Perpetual	11,685
UniCredit 6.625% Perpetual	11,362	Canadian Government Bond 1.5% 01/09/2024	11,682
United Kingdom Gilt 4.75% 07/12/2030	8,520	Banco Santander 5.25% Perpetual	7,947
Boeing 5.93% 01/05/2060	8,087	UniCredit 2.731% 15/01/2032	7,293
UniCredit 2.731% 15/01/2032	7,154	US Treasury Inflation Indexed Bond 1% 15/02/2048	6,574
Bankia 6.375% Perpetual	6,339	Boeing 5.93% 01/05/2060	6,124
CaixaBank 5.25% Perpetual	6,309	JPMorgan Chase 4.493% 24/03/2031	6,077

Aegon Strategic Bond Fund

Comparative Tables

A Accumulation shares	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	203.81	192.58	191.85
Return before operating charges*	21.05	13.76	3.24
Operating charges	(2.66)	(2.53)	(2.51)
Return after operating charges*	18.39	11.23	0.73
Distributions	(3.70)	(3.61)	(3.21)
Retained distributions on accumulation shares	3.70	3.61	3.21
Closing net asset value per share	222.20	203.81	192.58
 *after direct transaction costs of	-	-	-
Performance			
Return after charges	9.02%	5.83%	0.38%
Other information			
Closing net asset value (£'000)	8,280	50,763	57,068
Closing number of shares	3,726,390	24,907,532	29,632,538
Operating charges	1.29%	1.30%	1.30%
Direct transaction costs	-	-	-
Prices			
Highest share price	222.70	204.10	196.45
Lowest share price	181.97	189.78	191.32

A Income shares	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	126.10	121.37	122.93
Return before operating charges*	12.94	8.57	2.09
Operating charges	(1.64)	(1.58)	(1.60)
Return after operating charges*	11.30	6.99	0.49
Distributions	(2.28)	(2.26)	(2.05)
Retained distributions on accumulation shares	-	-	-
Closing net asset value per share	135.12	126.10	121.37
 *after direct transaction costs of	-	-	-
Performance			
Return after charges	8.96%	5.76%	0.40%
Other information			
Closing net asset value (£'000)	56	1,404	1,828
Closing number of shares	41,851	1,113,316	1,505,822
Operating charges	1.29%	1.30%	1.30%
Direct transaction costs	-	-	-
Prices			
Highest share price	136.43	126.81	125.37
Lowest share price	111.88	119.09	121.22

Highest and Lowest share prices are based on official published daily NAVs priced at 12 noon on the last business day of the year. The closing net asset value per share is at close of business.

Aegon Strategic Bond Fund

Comparative Tables (continued)

B Accumulation shares	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	130.09	122.32	121.24
Return before operating charges*	13.51	8.76	2.06
Operating charges	(0.90)	(0.99)	(0.98)
Return after operating charges*	12.61	7.77	1.08
Distributions	(3.19)	(2.92)	(2.64)
Retained distributions on accumulation shares	3.19	2.92	2.64
Closing net asset value per share	142.70	130.09	122.32
 *after direct transaction costs of	-	-	-
Performance			
Return after charges	9.69%	6.35%	0.89%
Other information			
Closing net asset value (£'000)	138,916	101,584	144,852
Closing number of shares	97,348,612	78,086,639	118,425,205
Operating charges	0.59%	0.80%	0.80%
Direct transaction costs	-	-	-
Prices			
Highest share price	143.00	130.27	124.46
Lowest share price	116.57	120.76	120.98

B Income shares	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	124.77	120.08	121.62
Return before operating charges*	12.84	8.49	2.06
Operating charges	(0.87)	(0.96)	(0.97)
Return after operating charges*	11.97	7.53	1.09
Distributions	(3.04)	(2.84)	(2.63)
Retained distributions on accumulation shares	-	-	-
Closing net asset value per share	133.70	124.77	120.08
 *after direct transaction costs of	-	-	-
Performance			
Return after charges	9.59%	6.27%	0.90%
Other information			
Closing net asset value (£'000)	45,079	61,256	106,074
Closing number of shares	33,716,798	49,096,723	88,333,957
Operating charges	0.59%	0.80%	0.80%
Direct transaction costs	-	-	-
Prices			
Highest share price	135.21	125.62	124.19
Lowest share price	110.81	117.90	119.98

Highest and Lowest share prices are based on official published daily NAVs priced at 12 noon on the last business day of the year. The closing net asset value per share is at close of business.

Aegon Strategic Bond Fund

Comparative Tables (continued)

D Accumulation shares**	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	124.22	117.09	116.35
Return before operating charges*	6.97	8.37	1.97
Operating charges	(0.70)	(1.24)	(1.23)
Return after operating charges*	6.27	7.13	0.74
Distributions	(0.96)	(2.50)	(2.25)
Retained distributions on accumulation shares	0.96	2.50	2.25
Redemption value	(130.49)	-	-
Closing net asset value per share	-	124.22	117.09
 *after direct transaction costs of	-	-	-
Performance			
Return after charges	5.05%	6.09%	0.64%
Other information			
Closing net asset value (£'000)	-	793	1,185
Closing number of shares	-	638,355	1,012,072
Operating charges	-	1.05%	1.05%
Direct transaction costs	-	-	-
Prices			
Highest share price	130.05	124.40	119.29
Lowest share price	124.27	115.49	116.07

D Income shares**	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	108.77	104.69	106.03
Return before operating charges*	6.09	7.39	1.80
Operating charges	(0.61)	(1.10)	(1.11)
Return after operating charges*	5.48	6.29	0.69
Distributions	(0.84)	(2.21)	(2.03)
Retained distributions on accumulation shares	-	-	-
Redemption value	(113.41)	-	-
Closing net asset value per share	-	108.77	104.69
 *after direct transaction costs of	-	-	-
Performance			
Return after charges	5.04%	6.01%	0.65%
Other information			
Closing net asset value (£'000)	-	402	534
Closing number of shares	-	369,643	510,149
Operating charges	-	1.05%	1.05%
Direct transaction costs	-	-	-
Prices			
Highest share price	113.43	109.45	108.20
Lowest share price	108.81	102.76	104.58

Highest and Lowest share prices are based on official published daily NAVs priced at 12 noon on the last business day of the year. The closing net asset value per share is at close of business.

**Share class closed on 3 February 2020.

Aegon Strategic Bond Fund

Comparative Tables (continued)

S Accumulation shares***	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	106.94	100.29	100.00
Return before operating charges*	11.12	7.21	0.40
Operating charges	(0.57)	(0.56)	(0.11)
Return after operating charges*	10.55	6.65	0.29
Distributions	(2.81)	(2.65)	(0.33)
Retained distributions on accumulation shares	2.81	2.65	0.33
Closing net asset value per share	117.49	106.94	100.29
 *after direct transaction costs of	-	-	-
Performance			
Return after charges	9.87%	6.63%	0.29%
Other information			
Closing net asset value (£'000)	17,534	26,974	3,784
Closing number of shares	14,923,437	25,223,713	3,773,532
Operating charges	0.49%	0.55%	0.55%
Direct transaction costs	-	-	-
Prices			
Highest share price	117.74	107.08	100.47
Lowest share price	95.94	99.11	99.74

S Income shares***	2020	2019	2018
	(p/share)	(p/share)	
Change in net assets per share			
Opening net asset value per share	103.86	99.96	100.00
Return before operating charges*	10.70	7.07	0.39
Operating charges	(0.55)	(0.55)	(0.10)
Return after operating charges*	10.15	6.52	0.29
Distributions	(2.71)	(2.62)	(0.33)
Retained distributions on accumulation shares	-	-	-
Closing net asset value per share	111.30	103.86	99.96
 *after direct transaction costs of	-	-	-
Performance			
Return after charges	9.77%	6.52%	0.29%
Other information			
Closing net asset value (£'000)	10,323	15,884	2,045
Closing number of shares	9,274,945	15,293,852	2,046,364
Operating charges	0.49%	0.55%	0.55%
Direct transaction costs	-	-	-
Prices			
Highest share price	112.58	104.64	100.47
Lowest share price	92.25	98.17	99.74

Highest and Lowest share prices are based on official published daily NAVs priced at 12 noon on the last business day of the year. The closing net asset value per share is at close of business.

***Share classes launched on 22 May 2018.

Aegon Strategic Bond Fund

Portfolio Statement

The sub-fund's investments as at 31 July 2020

Holdings	Investment	Market valuation £'000	Total net assets %
Australian Dollar Denominated Bonds 1.12% (31 July 2019 0.00%)			
Government Bonds 1.12% (31 July 2019 0.00%)			
4,500,000	Australia Government Bond 1.75% 21/06/2051	2,452	1.12
		2,452	1.12
Euro Denominated Bonds 24.59% (31 July 2019 29.54%)			
Corporate Bonds 24.59% (31 July 2019 23.09%)			
1,900,000	Abertis Infraestructuras 1.625% 15/07/2029	1,673	0.76
1,200,000	Anheuser-Busch InBev 3.7% 02/04/2040	1,378	0.63
1,850,000	APT Pipelines 2% 15/07/2030	1,788	0.81
1,300,000	ARD Finance 5% 30/06/2027	1,139	0.52
1,800,000	Banca Monte dei Paschi di Siena 3.625% 24/09/2024	1,655	0.75
1,700,000	Banca Monte dei Paschi di Siena 10.5% 23/07/2029	1,700	0.77
1,600,000	Banco Bilbao Vizcaya Argentaria 5.875% Perpetual	1,373	0.62
2,400,000	Banco Santander 4.75% Perpetual	1,884	0.86
1,800,000	Bankia 6.375% Perpetual	1,546	0.70
1,800,000	Bankinter 6.25% Perpetual	1,640	0.74
1,000,000	BP Capital Markets 2.822% 07/04/2032	1,081	0.49
2,000,000	BP Capital Markets 3.625% Perpetual	1,841	0.84
1,600,000	CaixaBank 5.25% Perpetual	1,293	0.59
1,800,000	CBR Fashion Finance 5.125% 01/10/2022	1,419	0.64
1,400,000	Cogent Communications 4.375% 30/06/2024	1,272	0.58
1,400,000	Commerzbank 6.125% Perpetual	1,193	0.54
1,450,000	Ellaktor Value 6.375% SNR 15/12/2024	1,008	0.46
1,600,000	Erste 5.125% Perpetual	1,380	0.63
2,000,000	Intesa Sanpaolo 7.75% Perpetual	1,991	0.90
1,400,000	Logicor Financing 3.25% 13/11/2028	1,400	0.64
2,000,000	National Bank of Greece 8.25% 18/07/2029	1,853	0.84
1,100,000	Platin 1426 5.375% 15/06/2023	946	0.43
2,000,000	Prosus 2.031% 03/08/2032	1,823	0.83
1,200,000	Repsol International Finance 4.247% Perpetual	1,096	0.50
1,500,000	Sazka 4.125% 20/11/2024	1,257	0.57
1,900,000	Schlumberger Finance 2% 06/05/2032	1,872	0.85
1,800,000	Stichting AK Rabobank Certificaten 6.5% Perpetual	1,772	0.80
1,900,000	Takeda Pharmaceutical 1.375% 09/07/2032	1,769	0.80
1,600,000	Telefonica Emisiones 1.864% 13/07/2040	1,505	0.68
2,100,000	Teva Pharmaceutical Finance Netherlands II 6% 31/01/2025	2,019	0.92
1,500,000	Trivium Packaging Finance 3.75% 15/08/2026	1,349	0.61
1,000,000	UniCredit 5.375% Perpetual	796	0.36
1,700,000	UniCredit 6.625% Perpetual	1,521	0.69
1,800,000	UniCredit 7.5% Perpetual	1,719	0.78
1,800,000	Volkswagen International Finance 3.5% Perpetual	1,600	0.73
1,700,000	Volkswagen International Finance 4.625% Perpetual	1,601	0.73
		54,152	24.59
Government Bonds 0.00% (31 July 2019 6.45%)			

Aegon Strategic Bond Fund

Portfolio Statement (continued)

Holding	Investment	Market valuation £'000	Total net assets %
New Zealand Dollar Denominated Bonds 0.74% (31 July 2019 0.00%)			
Government Bonds 0.74% (31 July 2019 0.00%)			
3,000,000	New Zealand Government Bond 1.75% 15/05/2041	1,619	0.74
		1,619	0.74
Sterling Denominated Bonds 32.56% (31 July 2019 43.48%)			
Asset Backed Security 2.96% (31 July 2019 3.57%)			
1,200,000	Dignity Finance 4.6956% 31/12/2049*	936	0.42
1,200,000	Income Contingent Student Loans 2 2007-2009 2.5% 24/07/2058	1,053	0.48
3,100,000	Telereal Secured Finance 4.01% 10/12/2031	2,408	1.09
1,900,000	Tesco Property Finance No.2 6.0517% 13/10/2039	2,127	0.97
		6,524	2.96
Corporate Bonds 27.18% (31 July 2019 33.10%)			
1,800,000	Aroundtown 4.75% Perpetual	1,811	0.82
1,200,000	Arqiva Financing 5.34% 30/06/2030	1,508	0.69
900,000	AT&T 5.2% 18/11/2033	1,226	0.56
1,100,000	Aviva 4% 03/06/2055	1,150	0.52
1,300,000	Aviva 6.875% 20/05/2058	1,914	0.87
1,100,000	BUPA Finance 4.125% 14/06/2035	1,166	0.53
600,000	Cheltenham & Gloucester 11.75% Perpetual	1,210	0.55
1,400,000	Citigroup Capital XVIII 1.01913% 28/06/2067	1,246	0.57
1,602,000	Cooperatieve Rabobank 6.91% Perpetual	2,567	1.17
1,000,000	CPUK Finance 4.25% 28/08/2022	976	0.44
700,000	Direct Line Insurance 4% 05/06/2032	754	0.34
1,200,000	E.ON International Finance 6.75% 27/01/2039	2,104	0.96
1,500,000	ENW Finance 1.415% 30/07/2030	1,517	0.69
1,400,000	General Electric 4.875% 18/09/2037	1,407	0.64
700,000	Goldman Sachs 6.875% 18/01/2038	1,076	0.49
2,200,000	Grainger 3% 03/07/2030	2,279	1.03
1,100,000	Grainger 3.375% 24/04/2028	1,180	0.54
1,795,000	HBOS Sterling Finance Jersey 7.881% Perpetual	2,754	1.25
1,100,000	HSBC 6.25% 30/01/2041	1,518	0.69
1,900,000	HSBC Capital 5.844% Perpetual	2,534	1.15
1,500,000	Intesa Sanpaolo 5.148% 10/06/2030	1,612	0.73
1,500,000	Legal & General 3.75% 26/11/2049	1,533	0.70
1,400,000	Legal & General 5.5% 27/06/2064	1,681	0.76
2,500,000	Mclaren Finance 5% 01/08/2022	2,021	0.92
1,100,000	MPT Operating Partnership 3.692% 06/05/2028	1,104	0.50
1,300,000	National Grid Electricity Transmission 2% 16/09/2038	1,416	0.64
129,000	National Westminster Bank 11.5% Perpetual	201	0.09
506,000	Nationwide Building Society 6.25% Perpetual	560	0.25
15,387	Nationwide Building Society 10.25% Perpetual	2,449	1.11
1,300,000	Paymentsense 8% 15/10/2025	1,339	0.61
1,100,000	Phoenix 5.625% 28/04/2031	1,249	0.57
2,300,000	Pinnacle Bidco 6.375% 15/02/2025	1,942	0.88
1,000,000	Prudential 5.56% 20/07/2055	1,111	0.50
1,200,000	Santander UK 6.5% 21/10/2030	1,523	0.69
900,000	Telefonica Emisiones 5.445% 08/10/2029	1,199	0.54

Aegon Strategic Bond Fund

Portfolio Statement (continued)

Holding	Investment	Market valuation £'000	Total net assets %
	Corporate Bonds (continued)		
1,200,000	Tesco 6% 14/12/2029	1,578	0.72
1,000,000	Tesco Treasury 2.75% 27/04/2030	1,071	0.49
1,100,000	Unite 3.5% 15/10/2028	1,145	0.52
1,700,000	Virgin Money UK 8% Perpetual	1,553	0.70
1,460,000	Vodafone 3% 12/08/2056	1,665	0.76
		59,849	27.18
	Government Bonds 2.42% (31 July 2019 6.81%)		
3,600,000	United Kingdom Gilt 4.75% 07/12/2030	5,327	2.42
		5,327	2.42
	United States Dollar Denominated Bonds 36.40% (31 July 2019 24.60%)		
	Corporate Bonds 30.45% (31 July 2019 20.45%)		
1,400,000	AbbVie 4.55% 15/03/2035	1,368	0.62
1,300,000	Adient US 9% 15/04/2025	1,106	0.50
1,800,000	AerCap 5.875% 10/10/2079	1,042	0.47
2,000,000	AerCap Ireland Capital 6.5% 15/07/2025	1,627	0.74
1,000,000	AT&T 3.5% 01/02/2061	795	0.36
1,300,000	AT&T 4.5% 03/09/2048	1,211	0.55
1,400,000	Aviation Capital 5.5% 15/12/2024	1,090	0.50
1,600,000	AXA 6.379% Perpetual	1,603	0.73
600,000	AXA 8.6% 15/12/2030	681	0.31
1,700,000	BAE Systems 3.4% 15/04/2030	1,462	0.66
1,800,000	Baker Hughes 4.486% 01/05/2030	1,631	0.74
1,300,000	Barclays 6.278% Perpetual	1,081	0.49
1,100,000	Becton Dickinson 4.685% 15/12/2044	1,108	0.50
2,900,000	Boeing 5.93% 01/05/2060	2,661	1.21
1,300,000	Clarios Global 6.75% 15/05/2025	1,065	0.48
1,800,000	Cleveland-Cliffs 9.875% 17/10/2025	1,498	0.68
1,000,000	Constellation Brands 5.25% 15/11/2048	1,089	0.49
1,350,000	Constellium 5.625% 15/06/2028	1,074	0.49
1,300,000	Discovery Communications 3.625% 15/05/2030	1,100	0.50
1,800,000	Dresdner Funding Trust I 8.151% 30/06/2031	1,913	0.87
1,800,000	Electricite de France 4.5% 12/04/2069	1,572	0.71
1,500,000	Florida Gas Transmission 2.55% 01/07/2030	1,197	0.54
2,200,000	Ford Motor 9% 22/04/2025	1,969	0.89
1,100,000	Ford Motor 9.625% 22/04/2030	1,110	0.50
1,400,000	Frontier Communications 8.5% 01/04/2026	1,052	0.48
1,200,000	General Motors 6.125% 01/10/2025	1,066	0.48
2,300,000	Global Aircraft Leasing 6.5% 15/09/2024	1,077	0.49
1,900,000	Health Care Service 3.2% 01/06/2050	1,593	0.72
950,000	HSBC Capital Funding Dollar 10.176% Perpetual	1,145	0.52
500,000	HVB Funding Trust 8.741% 30/06/2031	530	0.24
1,600,000	Liberty Mutual 3.95% 15/05/2060	1,409	0.64
1,300,000	MARB BondCo 6.875% 19/01/2025	1,035	0.47
1,900,000	Molson Coors Brewing 3% 15/07/2026	1,528	0.69
2,000,000	Molson Coors Brewing 4.2% 15/07/2046	1,605	0.73

Aegon Strategic Bond Fund

Portfolio Statement (continued)

Holding	Investment	Market valuation £'000	Total net assets %
Corporate Bonds (continued)			
1,900,000	NatWest 2.62788% Perpetual	1,364	0.62
1,900,000	NXP Funding 3.4% 01/05/2030	1,598	0.73
1,400,000	Oracle 3.85% 01/04/2060	1,338	0.61
1,400,000	Owens-Brockway Glass Container 5.875% 15/08/2023	1,126	0.51
1,600,000	Petrobras Global Finance 5.6% 03/01/2031	1,276	0.58
1,700,000	Petroleos Mexicanos 6.5% 13/03/2027	1,234	0.56
1,224,000	Piedmont Natural Gas 3.35% 01/06/2050	1,099	0.50
1,500,000	Prime Security Services Borrower 6.25% 15/01/2028	1,191	0.54
1,000,000	RBS Capital Trust II 6.425% Perpetual	1,138	0.52
900,000	Royal Bank of Scotland 7.648% Perpetual	1,024	0.47
1,600,000	Swiss Re Finance Luxembourg 4.25% Perpetual	1,223	0.56
1,200,000	Sysco 6.6% 01/04/2050	1,325	0.60
2,000,000	Total Capital International 3.386% 29/06/2060	1,784	0.81
3,000,000	Tullow Oil 7% 01/03/2025	1,377	0.63
1,600,000	ViacomCBS 4.2% 19/05/2032	1,404	0.64
900,000	Wells Fargo 5.013% 04/04/2051	985	0.45
1,800,000	Welltower 2.75% 15/01/2031	1,401	0.64
1,300,000	XPO Logistics 6.25% 01/05/2025	1,072	0.49
		67,052	30.45
Government Bonds 5.95% (31 July 2019 4.15%)			
4,000,000	US Treasury Bond 1.5% 15/02/2030	3,326	1.51
950,000	US Treasury Bond 3.375% 15/11/2048	1,109	0.50
10,150,000	US Treasury Inflation Indexed Bond 0.25% 15/07/2029	8,667	3.94
		13,102	5.95
Derivatives and Futures Contracts 1.08% (31 July 2019 (3.68)%)			
Credit Default Swaps 0.27% (31 July 2019 (1.92)%)			
12,500,000	BNP Paribas Sell Protection Itraxx EUR Xover S33 5-yr June 2025	602	0.27
		602	0.27
Forward Foreign Exchange Contracts 1.02% (31 July 2019 (1.54)%)			
	Bought EUR 4,600,000 Sold GBP 4,131,901 10/09/2020	15	0.01
	Bought EUR 825,000 Sold GBP 748,132 10/09/2020	(4)	-
	Bought EUR 1,500,000 Sold GBP 1,367,529 10/09/2020	(15)	(0.01)
	Bought EUR 2,700,000 Sold GBP 2,450,979 10/09/2020	(17)	(0.01)
	Bought EUR 1,700,000 Sold GBP 1,551,186 10/09/2020	(19)	(0.01)
	Bought GBP 2,210,816 Sold AUD 4,000,000 10/09/2020	25	0.01
	Bought GBP 2,909,112 Sold EUR 3,200,000 10/09/2020	24	0.01
	Bought GBP 1,942,562 Sold EUR 2,150,000 10/09/2020	4	-
	Bought GBP 682,723 Sold EUR 760,000 10/09/2020	(2)	-
	Bought GBP 1,168,570 Sold EUR 1,300,000 10/09/2020	(3)	-
	Bought GBP 56,506,079 Sold EUR 63,225,000 10/09/2020	(495)	(0.23)
	Bought GBP 1,560,409 Sold NZD 3,000,000 10/09/2020	38	0.02
	Bought GBP 84,229,631 Sold USD 107,000,000 10/09/2020	2,725	1.24
	Bought GBP 2,012,226 Sold USD 2,500,000 10/09/2020	108	0.05
	Bought GBP 2,758,647 Sold USD 3,500,000 10/09/2020	93	0.04
	Bought GBP 2,350,618 Sold USD 3,000,000 10/09/2020	66	0.03
	Bought GBP 1,052,324 Sold USD 1,300,000 10/09/2020	62	0.03

Aegon Strategic Bond Fund

Portfolio Statement (continued)

Holding	Investment	Market valuation £'000	Total net assets %
Forward Foreign Exchange Contracts (continued)			
	Bought USD 1,000,000 Sold GBP 793,283 10/09/2020	(32)	(0.01)
	Bought USD 2,800,000 Sold GBP 2,164,449 10/09/2020	(32)	(0.01)
	Bought USD 800,000 Sold GBP 642,023 10/09/2020	(33)	(0.02)
	Bought USD 2,000,000 Sold GBP 1,587,373 10/09/2020	(64)	(0.03)
	Bought USD 2,250,000 Sold GBP 1,802,404 10/09/2020	(88)	(0.04)
	Bought USD 2,400,000 Sold GBP 1,937,273 10/09/2020	(109)	(0.05)
		2,247	1.02
Futures Contracts (0.21)% (31 July 2019 (0.22)%)			
130	Australia 10 Year Bond Future Contract September 2020	103	0.05
(150)	Canandian Dollar 10 Year Note Future Contract September 2020	(84)	(0.04)
(70)	EURO Bond Future Contract September 2020	(185)	(0.09)
(30)	EURO BUXL 30 Year Bond Future Contract September 2020	(272)	(0.12)
(112)	Long Gilt Future Contract September 2020	(201)	(0.09)
258	US 5 Year Note Future Contract September 2020	169	0.08
75	US 10 Year Note Future Contract September 2020	89	0.04
100	US 10 Year Ultra Future Contract September 2020	324	0.15
(45)	US Ultra Bond (CBT) Future Contract September 2020	(405)	(0.19)
		(462)	(0.21)
Portfolio of investments**		212,464	96.49
Net other assets		7,724	3.51
Total net assets attributable to shareholders		220,188	100.00

Analysis of investments by asset class

	Market value £'000	Value of investments %
Bonds	210,077	95.41
Derivatives	2,387	1.08
Portfolio of investments**	212,464	96.49
Net other assets	7,724	3.51
Total net assets attributable to shareholders	220,188	100.00

The comparative percentage figures in brackets are at 31 July 2019.

All investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market, unless otherwise stated.

*At risk of default/defaulted or illiquid securities as disclosed on page 16.

**Includes investment liabilities.

Aegon Strategic Bond Fund

Statement of Total Return for the year ended 31 July 2020

			2020		Restated 2019
	Note	£'000	£'000	£'000	£'000
Income					
Net capital gains	2		14,684		10,099
Revenue	3	13,477		13,101	
Expenses	4	(1,739)		(2,551)	
Interest payable and similar charges	5	(6,490)		(3,749)	
Net revenue before taxation		5,248		6,801	
Taxation	6	(17)		(32)	
Net revenue after taxation			5,231		6,769
Total return before distributions			19,915		16,868
Distributions	7		(5,300)		(6,771)
Change in net assets attributable to shareholders from investment activities			14,615		10,097

Statement of Change in Net Assets Attributable to Shareholders for the year ended 31 July 2020

		2020		2019
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		259,060		317,370
Amounts receivable on issue of shares	54,220		72,505	
Amounts payable on cancellation of shares	(111,927)		(145,317)	
		(57,707)		(72,812)
Dilution adjustment		515		97
Change in net assets attributable to shareholders from investment activities		14,615		10,097
Retained distribution on accumulation shares		3,704		4,308
Unclaimed distributions		1		-
Closing net assets attributable to shareholders		220,188		259,060

Aegon Strategic Bond Fund

Balance Sheet as at 31 July 2020

			2020		2019
	Note	£'000	£'000	£'000	£'000
Assets					
Fixed assets:					
Investments			214,524		254,514
Current assets:					
Debtors	8	3,315		8,583	
Cash and bank balances	9	14,975		13,876	
			18,290		22,459
Total assets			232,814		276,973
Liabilities					
Investment liabilities			2,060		11,159
Creditors					
Bank overdrafts		2,161		-	
Distributions payable		513		440	
Other creditors	10	7,892		6,314	
Total liabilities			12,626		17,913
Net assets attributable to shareholders			220,188		259,060

Aegon Strategic Bond Fund

Notes to the Financial Statements

1 Accounting policies

The sub-fund's financial statements have been prepared on the basis disclosed on pages 12 to 14.

2 Net capital gains

Net capital gains comprise:

	2020	2019
	£'000	£'000
Gains on non-derivative securities	3,280	19,542
Gains/(losses) on forward currency contracts	7,000	(6,176)
Currency exchange (losses)/gains	(105)	537
Gains/(losses) on derivative securities	4,514	(3,800)
Transaction charges	(5)	(4)
Net capital gains	14,684	10,099

3 Revenue

	2020	Restated*
	£'000	£'000
Interest on debt securities	8,620	10,617
Derivative revenue	4,803	2,379
Bank interest	54	105
Total revenue	13,477	13,101

*Please see Note 19 Prior period restatements on page 131 for details.

4 Expenses*

	2020	2019
	£'000	£'000
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	1,648	2,412
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary fee	43	69
Other expenses:		
Audit fee**	10	11
FT publishing fee	5	5
Legal fees	4	-
PRIIPs fees	1	4
Registrar's fee	18	34
Safe custody charge	10	16
	48	70
Total expenses	1,739	2,551

*All expenditure stated above is inclusive of irrecoverable VAT where applicable.

**The audit fee (excluding VAT) incurred during the year was £11,500 (2019: £9,553).

5 Interest payable and similar charges

	2020	Restated*
	£'000	£'000
Interest	18	35
Swaps expense	6,472	3,714
Interest payable and similar charges	6,490	3,749

*Please see Note 19 Prior period restatements on page 131 for details.

Aegon Strategic Bond Fund

Notes to the Financial Statements (continued)

6 Taxation

a) Analysis of charge in the year

	2020	2019
	£'000	£'000
Current tax:		
Overseas tax suffered	17	32
Total tax charge for the year (see note 6 (b))	17	32

b) Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019: lower than) the standard rate of corporation tax for Open Ended Investment Companies 'OEICs' (20%).

The differences are explained below:

	2020	2019
	£'000	£'000
Net revenue before taxation	5,248	6,801
Corporation tax 20% (2019: 20%)	1,049	1,360
Effects of:		
Overseas tax suffered	17	32
Relief on overseas tax suffered	(3)	(6)
Tax deductible interest distributions	(1,044)	(1,286)
UK indexation relief	(2)	(68)
Total tax charge for the year (see note 6 (a))	17	32

Open Ended Investment Companies are exempt from tax on capital gains. Therefore, any capital return is not included in the above reconciliations.

7 Distributions

a) Distributions

The distributions take account of amounts receivable on the issue of shares and amounts deductible on the cancellation of shares, and comprise:

	2020	2019
	£'000	£'000
Interim distributions	3,118	5,177
Final distribution	1,999	1,374
	5,117	6,551
Add: amounts deductible on cancellation of shares	354	426
Less: amounts receivable on creation of shares	(171)	(206)
Distributions	5,300	6,771

Details of the distributions are set out in the tables on pages 132 and 133.

b) Movement between net revenue and distribution

	2020	2019
	£'000	£'000
Net revenue after taxation	5,231	6,769
Equalisation on conversions	69	2
Distributions	5,300	6,771

8 Debtors

	2020	2019
	£'000	£'000
Accrued revenue	2,147	2,780
Amounts receivable for the issue of shares	532	245
Sales awaiting settlement	636	5,558
Debtors	3,315	8,583

9 Cash and bank balances

	2020	2019
	£'000	£'000
Amounts held at futures clearing houses and brokers*	4,790	10,251
Cash and bank balances	10,185	3,625
Cash and bank balances	14,975	13,876

*Includes cash pledged as collateral of £Nil (2019: £9,060,000).

Aegon Strategic Bond Fund

Notes to the Financial Statements (continued)

10 Bank overdrafts

	2020	2019
	£'000	£'000
Amount held at futures clearing houses and brokers	2,161	-
Bank overdrafts	2,161	-

11 Other creditors

	2020	2019
	£'000	£'000
Accrued ACD periodic charge	104	182
Accrued other expenses	47	54
Amounts payable for cancellation of shares	848	1,543
Purchases awaiting settlement	6,893	4,535
Other creditors	7,892	6,314

12 Related parties

Related party interests in the sub-fund are disclosed in Note 6 of the Accounting Policies on page 17. Amounts due to the ACD as at year end for the ACD periodic charge and amounts due to the ACD for outstanding cancellations are disclosed in Note 11. Amounts receivable from the ACD as at year end for outstanding issue of shares are disclosed in Note 8. At the year-end 10.59% (2019: 7.35%) of the shares in issue were owned by AEGON Group or AEGON UK companies.

13 Contingent assets, liabilities and commitments

There were no contingent assets, liabilities or commitments present in the sub-fund as at 31 July 2020 (2019: Nil).

14 Financial instruments and risk

The risks associated with the sub-fund are market, concentration, valuation, yield, liquidity, counterparty, and interest rate risk. Narrative disclosures are on pages 15 to 17.

Analysis of investments by credit ratings

	2020		2019	
	Market value	Value of investments	Market value	Value of investments
	£'000	%	£'000	%
Investment grade	129,081	58.65	167,987	64.83
Below investment grade	70,683	32.07	83,277	32.20
Unrated	10,313	4.69	1,521	0.59
Derivatives	2,387	1.08	(9,530)	(3.68)
Portfolio of investments	212,464	96.49	243,255	93.94
Net other assets	7,724	3.51	15,705	6.06
Total net assets attributable to shareholders	220,188	100.00	258,960	100.00

Note - Investment grade securities are defined as securities with a Standard & Poor's, Moody's or Fitch's rating of BBB-, Baa3 and BBB- or above respectively.

Derivative risk

The sub-fund invests in derivatives, consistent with the investment objective of the sub-fund, as outlined in the derivative risks section on page 17.

VaR Disclosure

The Manager assesses the market risk of the sub-fund's investments, including any derivative exposure, using a value at risk methodology. This process provides the Manager with an estimate of the maximum potential loss that could be expected to occur as a result of changes in market prices over a given period of time in all but a given percentage of circumstances. The value at risk is calculated on a 95.00% (2019: 95.00%) confidence interval with a one month time horizon and a five year history, using the Historical model. The sub-fund has an absolute VaR limit of 14.10% (2019: 14.10%). As at the balance sheet date, the sub-fund's value at risk is 2.54% (2019: 1.53%).

The following table details the lowest, highest and average utilisation of the VaR limit:

	Lowest Utilisation	Highest Utilisation	Average Utilisation
	(%)	(%)	(%)
31 July 2020	1.23	2.62	1.88
31 July 2019	0.67	1.61	1.15

Aegon Strategic Bond Fund

Notes to the Financial Statements (continued)

14 Financial instruments and risk (continued)

Leverage

Average leverage is calculated as the sum of the net asset value and the incremental exposure generated through the use of derivatives (calculated in accordance with the commitment approach (CESR/10-788)) divided by the net asset value. As at 31 July 2020 the average leverage was 163.58% (2019: 133.44%).

Counterparty risk

The risk of entering an arrangement with a counterparty, which is itself subject to financial risks which may affect its ability to trade as a going concern.

The ACD maintains a list of approved counterparties. This list is regularly monitored and revised for changes based on the counterparty's credit-worthiness, market reputation and expectations of future financial performance. Transactions will only be opened with financial intermediaries on the approved counterparties list.

The sub-fund's use of exchange traded derivatives are considered to be free of counterparty risk if the derivative is traded on an exchange where the clearing house is backed by an appropriate performance guarantee and it is characterised by a daily mark-to-market valuation of the derivative position and at least daily margining.

At 31 July 2020, the market value of the exchange traded derivatives held by the sub-fund was £(462,000) (2019: £(576,000)).

The following details exposure to counterparties obtained through the use of derivatives:

As at 31 July 2020

Counterparty	Futures Exposure £'000	Credit default swaps Exposure £'000	Forward Foreign Exchange Contracts Exposure £'000	Collateral Pledge £'000
Barclays	-	-	2,249	-
BNP Paribas	-	602	-	-

As at 31 July 2019

Counterparty	Futures Exposure £'000	Credit default swaps Exposure £'000	Forward Foreign Exchange Contracts Exposure £'000	Collateral Pledge £'000
Barclays	-	-	-	860
BNP Paribas	-	-	-	1,070
Citigroup	-	-	-	5,040
Goldman Sachs International	-	-	-	2,090

Positive exposure represents the sub-fund's exposure to that counterparty and not the sub-fund's holdings with that counterparty.

15 Portfolio transaction costs

Purchases

31 July 2020	Value £'000	Commissions £'000	%	Other Costs* £'000	%
Debt securities	740,875	-	-	-	-
Total	740,875	-		-	
Total purchases including transaction costs	740,875				
31 July 2019					
Debt securities	716,077	-	-	-	-
Total	716,077	-		-	
Total purchases including transaction costs	716,077				

*Other Costs includes taxes and any other costs other than commissions incurred by the sub-fund when buying and selling an underlying investment.

Aegon Strategic Bond Fund

Notes to the Financial Statements (continued)

15 Portfolio transaction costs (continued)

Sales

31 July 2020	Value £'000	Commissions £'000	%	Other Costs* £'000	%
Debt securities	785,745	-	-	-	-
Total	785,745	-		-	
Total sales net of transaction costs	785,745				
31 July 2019					
Debt securities	785,385	-	-	-	-
Total	785,385	-		-	
Total sales net of transaction costs	785,385				

Derivatives

31 July 2020	Commissions £'000
Futures	41
31 July 2019	
Futures	57

*Other Costs includes taxes and any other costs other than commissions incurred by the sub-fund when buying and selling an underlying investment.

The purchases and sales are not subject to portfolio transaction costs.

Portfolio transaction costs are incurred by the sub-fund when buying and selling underlying investments. These vary depending on the class of investment, country of exchange and method of execution. These costs can be classified as either direct or indirect transaction costs:

- Direct transaction costs: Broker commissions, fees and taxes.
- Indirect transaction costs: 'Dealing spread' - the difference between the buying and selling prices of the sub-fund's underlying investments.

In order to protect existing investors from the effects of dilution, portfolio transaction costs incurred as a result of investors buying and selling shares in the sub-fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

At the balance sheet date, the portfolio dealing spread was 0.96% (2019: 0.57%), being the difference between the respective bid and offer prices for the sub-fund's investments.

16 Fair value hierarchy

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The fair value hierarchy has the following levels:

Level 1 – Unadjusted quoted price in an active market for an identical instrument.

Level 2 – Valuation techniques using observable inputs other than quoted prices within level 1.

Level 3 – Valuation techniques using unobservable inputs.

Basis of valuation	2020		2019	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
1 - Unadjusted quoted prices	19,114	(1,147)	43,191	(626)
2 - Observable market data	195,410	(913)	211,323	(10,533)
3 - Unobservable data	-	-	-	-
	214,524	(2,060)	254,514	(11,159)

Aegon Strategic Bond Fund

Notes to the Financial Statements (continued)

17 Share classes

The sub-fund currently has three share classes; A (Retail), B (Institutional) and S (Institutional). The ACD's periodic charge on each share class is as follows:

A share class: 1.25%
 B share class*: 0.55%
 S share class**: 0.45%

*The B share class ACD fee changed from 0.75% to 0.55% on 1 January 2020.

**The S share class ACD fee changed from 0.50% to 0.45% on 1 January 2020.

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative tables on pages 115 to 118. The distribution per share class is given in the distribution tables on pages 132 and 133. All share classes have the same rights on winding up.

Share class movement reconciliation

31 July 2020	Opening	Creations	Cancellations	Converted	Closing
A Accumulation	24,907,532	3,562,028	(4,276,344)	(20,466,826)	3,726,390
A Income	1,113,316	29,550	(121,431)	(979,585)	41,850
B Accumulation	78,086,639	30,360,274	(43,587,822)	32,489,521	97,348,612
B Income	49,096,723	4,104,892	(20,686,245)	1,201,428	33,716,798
D Accumulation*	638,355	22,688	(72,109)	(588,934)	-
D Income*	369,643	185	(26,125)	(343,703)	-
S Accumulation	25,223,713	741,953	(11,042,229)	-	14,923,437
S Income	15,293,852	796,379	(6,919,352)	104,066	9,274,945

*Share classes closed on 3 February 2020.

18 Post balance sheet events

The table below shows the net asset values per share as at the balance sheet date, compared against values as at 23 November 2020 and the percentage movement in that period:

Net assets per share

	31 July 2020	23 November 2020	Movement
A Accumulation	222.20	235.44	5.96%
A Income	135.12	142.27	5.30%
B Accumulation	142.70	151.54	6.19%
B Income	133.70	140.85	5.35%
S Accumulation	117.49	124.81	6.23%
S Income	111.30	117.26	5.35%

19 Prior period restatements

Disclosure on credit default swaps revenue and expenses within Revenue (Note 3) and Interest payable and similar charges (Note 5) has changed. Restated figures have been shown below.

The following table summarises the impact of the above on the sub-fund's Statement of Total Return for the year ended 31 July 2019:

Statement of Total Return	Presented £'000	Adjustments £'000	Restated £'000
Income			
Net capital gains	10,099	-	10,099
Revenue	10,216	2,885	13,101
Expenses	(2,551)	-	(2,551)
Interest payable and similar charges	(864)	(2,885)	(3,749)
Net revenue before taxation	6,801	-	6,801
Taxation	(32)	-	(32)
Net revenue after taxation	6,769	-	6,769
Total return before distributions	16,868	-	16,868
Distributions	(6,771)	-	(6,771)
Change in net assets attributable to shareholders from investment activities	10,097	-	10,097

In the prior year accounts, the revenue and expenses from credit default swaps was shown net in the Interest payable and similar charges Note, and in the current years accounts the balances have been shown gross in the Revenue and Interest payable and similar charges Notes. The prior year numbers have been restated to show comparatives in line with the IMA SORP.

Aegon Strategic Bond Fund

Distribution Tables

Share Class A Accumulation

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2018/9 Total Paid
31/10/19	31/12/19	Group 1	0.6827	N/A	0.6827	0.8220
		Group 2	0.1829	0.4998		
31/01/20	31/03/20	Group 1	0.6284	N/A	0.6284	0.8637
		Group 2	0.2060	0.4224		
30/04/20	30/06/20	Group 1	0.7461	N/A	0.7461	1.0684
		Group 2	0.3636	0.3825		
31/07/20	30/09/20	Group 1	1.6424	N/A	1.6424	0.8571
		Group 2	1.3520	0.2904		

Share Class A Income

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2018/9 Total Paid
31/10/19	31/12/19	Group 1	0.4224	N/A	0.4224	0.5181
		Group 2	0.2370	0.1854		
31/01/20	31/03/20	Group 1	0.3876	N/A	0.3876	0.5416
		Group 2	0.1182	0.2694		
30/04/20	30/06/20	Group 1	0.4609	N/A	0.4609	0.6685
		Group 2	0.3156	0.1453		
31/07/20	30/09/20	Group 1	1.0057	N/A	1.0057	0.5324
		Group 2	0.2289	0.7768		

Share Class B Accumulation

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2018/9 Total Paid
31/10/19	31/12/19	Group 1	0.6020	N/A	0.6020	0.6767
		Group 2	0.2655	0.3365		
31/01/20	31/03/20	Group 1	0.5931	N/A	0.5931	0.7020
		Group 2	0.3070	0.2861		
30/04/20	30/06/20	Group 1	0.7031	N/A	0.7031	0.8360
		Group 2	0.3829	0.3202		
31/07/20	30/09/20	Group 1	1.2953	N/A	1.2953	0.7080
		Group 2	0.2779	1.0174		

Share Class B Income

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2018/9 Total Paid
31/10/19	31/12/19	Group 1	0.5773	N/A	0.5773	0.6644
		Group 2	0.2955	0.2818		
31/01/20	31/03/20	Group 1	0.5663	N/A	0.5663	0.6844
		Group 2	0.2481	0.3182		
30/04/20	30/06/20	Group 1	0.6693	N/A	0.6693	0.8114
		Group 2	0.3522	0.3171		
31/07/20	30/09/20	Group 1	1.2306	N/A	1.2306	0.6829
		Group 2	0.4736	0.7570		

All distributions above are in pence per share unless specifically stated.

*Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being a capital repayment, it is not liable to income tax but must be deducted from the cost of the shares for capital gains tax purposes.

Aegon Strategic Bond Fund

Distribution Tables (continued)

Share Class D Accumulation**

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2018/9 Total Paid
31/10/19	31/12/19	Group 1	0.4956	N/A	0.4956	0.5737
		Group 2	0.3652	0.1304		
31/01/20	31/03/20	Group 1	0.4636	N/A	0.4636	0.5985
		Group 2	0.0710	0.3926		
30/04/20	30/06/20	Group 1	-	-	-	0.7261
		Group 2	-	-		
31/07/20	30/09/20	Group 1	-	-	-	0.5991
		Group 2	-	-		

Share Class D Income**

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2018/9 Total Paid
31/10/19	31/12/19	Group 1	0.4339	N/A	0.4339	0.5131
		Group 2	0.1708	0.2631		
31/01/20	31/03/20	Group 1	0.4045	N/A	0.4045	0.5314
		Group 2	0.2011	0.2034		
30/04/20	30/06/20	Group 1	-	-	-	0.6414
		Group 2	-	-		
31/07/20	30/09/20	Group 1	-	-	-	0.5272
		Group 2	-	-		

Share Class S Accumulation

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2018/9 Total Paid
31/10/19	31/12/19	Group 1	0.5632	N/A	0.5632	0.6184
		Group 2	0.3132	0.2500		
31/01/20	31/03/20	Group 1	0.5431	N/A	0.5431	0.6425
		Group 2	0.2584	0.2847		
30/04/20	30/06/20	Group 1	0.6060	N/A	0.6060	0.7419
		Group 2	0.0541	0.5519		
31/07/20	30/09/20	Group 1	1.0959	N/A	1.0959	0.6479
		Group 2	0.0896	1.0063		

Share Class S Income

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2018/9 Total Paid
31/10/19	31/12/19	Group 1	0.5470	N/A	0.5470	0.6163
		Group 2	0.2960	0.2510		
31/01/20	31/03/20	Group 1	0.5248	N/A	0.5248	0.6351
		Group 2	0.1324	0.3924		
30/04/20	30/06/20	Group 1	0.5829	N/A	0.5829	0.7323
		Group 2	0.3129	0.2700		
31/07/20	30/09/20	Group 1	1.0514	N/A	1.0514	0.6338
		Group 2	0.0578	0.9936		

All distributions above are in pence per share unless specifically stated.

*Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being a capital repayment, it is not liable to income tax but must be deducted from the cost of the shares for capital gains tax purposes.

**Share classes closed on 3 February 2020.

Aegon Global Equity Fund

Fund objective*

The investment objective is to provide a combination of income and capital growth over any 7 year period. The sub-fund will be invested in equities of companies which may be listed, quoted or traded anywhere in the world and denominated in any currency.

Risk profile

The sub-fund is designed for retail and institutional investors seeking pooled exposure to the global equity market and who are comfortable with a higher level of investment risk. In most cases, we expect the sub-fund to be held as part of a diversified portfolio which may include other assets e.g. bonds, equities, property and cash. While investors will normally be able to liquidate their holdings on a daily basis, unit prices will fluctuate and may fall significantly in value. Consequently, it is important to understand that the sub-fund should be viewed as a longer term investment.

The sub-fund is actively managed and exposed to a range of risks, which are listed and defined in the Aegon Asset Management UK ICVC Prospectus. The most material risks from this list also appear in our Key Investor Information documents (KIID) where they are summarised in an easy-to-read format. You can find both of these documents on our website at www.aegonam.com.

Performance**

The Aegon Global Equity Fund returned 1.92% compared to the peer group median return of (0.03)%. The peer group is the Investment Association Global sector.

Strategy review***

Over the year equity markets experienced a rollercoaster ride with volatility spiking to unprecedented levels. The backdrop was relatively positive initially as encouraging economic data, coupled with low interest rates, boosted markets. However, the onset of the Covid-19 pandemic in the first quarter of 2020 led to an incredibly sharp sell-off in markets as economies were forced into lockdown. The subsequent efforts of both governments and central banks to support economies settled investor nerves to an extent and allowed markets to rally significantly up to the year-end.

Despite the extremely challenging backdrop the sub-fund posted a robust positive return and significantly outperformed its peer group median. Within sector allocation our overweight exposure to the technology sector was a strong positive contributor, particularly the semiconductor, software and IT services sectors. Holding significant underweight positions in the oil & gas sector and financials sectors also added value. The lack of exposure to the banks and insurance sectors was positive.

Within stock selection, Ireland-based building-insulation company Kingspan helped returns, following a strong year for the European buildings materials sector. One of the strongest performing stocks was the Chinese property management business, A-Living Services. The company showed operational resiliency despite wider COVID-19 disruptions. It has a strong pipeline of potential new contracts and is establishing a strong brand name in the sector. Domino's Pizza also added value. Takeaway food is obviously an area that has benefited from changing consumer habits and Domino's has seen good sales growth across most of its regions.

Elsewhere, MarketAxess benefited from record revenues, driven by trading volumes on its fixed income e-trading platform. Medical testing and diagnostics business DiaSorin gained ground after it announced the launch of an anti-body test. SolarEdge Technologies (smart energy technology developer) was another notable driver of returns. The company was boosted by better-than-expected earnings as solar panel inverter sales grew rapidly.

Consumer finance business Green Dot was the largest single detractor from performance. The company released poor results and disappointing guidance. Other detractors included environmental-services company Badger Daylighting. Positioning-wise, the absence of Amazon, Apple and Facebook from the portfolio hindered relative performance somewhat as these names performed strongly.

Outlook

Short term volatility could be a feature for the remainder of 2020. However, this can provide an opportunity for bottom-up investors and our overall, longer-term outlook is positive.

*Please note that the sub-fund's objective has been updated effective 7 September 2020. The latest update can found in the sub-fund's prospectus at www.aegonam.com.

**Source: Lipper, % growth, income re-invested at pay date, NAV-NAV, GBP, net of Basic Rate Tax. Index returns are gross of Basic Rate Tax. Investors are invited to compare the sub-fund's performance against the performance of other funds within the Investment Association Global Sector. Comparison of the sub-fund against this Sector will give investors an indication of how the sub-fund is performing compared with funds investing in a similar but not identical investment universe. This comparison should be performed over at least a 7 year period to provide the most useful long term comparison.

***General references to markets and indices are to be considered as general market commentary only and (i) are not to be considered as a comparison of sub-fund performance against a benchmark (unless otherwise disclosed as such); and (ii) the index or indices do not operate as a performance target and the sub-fund's portfolio is not constrained by the index or indices.

Aegon Global Equity Fund

Material portfolio changes

Top ten purchases	31 July 2020 £'000	Top ten sales	31 July 2020 £'000
Church & Dwight	3,134	Ansys	4,693
Planet Fitness	3,069	Hoya	3,450
Keyence	2,974	ESCO Technologies	3,128
Amdocs	2,871	Technogym Spa	2,916
First Republic Bank	2,788	Church & Dwight	2,797
Haemonetics	2,637	MarketAxess	2,729
ICON	2,589	Amdocs	2,725
Cochlear	2,504	Insperity	2,412
Fidelity National Information Services	2,337	Coca-Cola	2,301
Albemarle	2,212	Systema	2,252

Aegon Global Equity Fund

Comparative Tables

A Accumulation shares*	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	210.05	212.71	177.98
Return before operating charges**	(21.20)	0.45	37.86
Operating charges	(3.15)	(3.11)	(3.13)
Return after operating charges**	(24.35)	(2.66)	34.73
Distributions	-	-	-
Retained distributions on accumulation shares	-	-	-
Redemption value	(185.70)	-	-
Closing net asset value per share	-	210.05	212.71
**after direct transaction costs of	0.40	0.42	0.36
Performance			
Return after charges	(11.59)%	(1.25)%	19.51%
Other information			
Closing net asset value (£'000)	-	6,353	7,115
Closing number of shares	-	3,024,530	3,344,932
Operating charges	-	1.59%	1.59%
Direct transaction costs	-	0.22%	0.18%
Prices			
Highest share price	224.95	225.79	218.90
Lowest share price	159.88	171.73	177.76

B Accumulation shares	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	244.10	245.34	203.71
Return before operating charges**	7.79	0.66	43.53
Operating charges	(1.92)	(1.90)	(1.90)
Return after operating charges**	5.87	(1.24)	41.63
Distributions	-	(0.52)	(1.67)
Retained distributions on accumulation shares	-	0.52	1.67
Closing net asset value per share	249.97	244.10	245.34
**after direct transaction costs of	0.35	0.49	0.41
Performance			
Return after charges	2.40%	(0.51)%	20.44%
Other information			
Closing net asset value (£'000)	82,384	75,821	76,379
Closing number of shares	32,958,436	31,061,287	31,131,443
Operating charges	0.81%	0.84%	0.84%
Direct transaction costs	0.15%	0.22%	0.18%
Prices			
Highest share price	262.52	260.57	252.41
Lowest share price	186.68	198.67	203.47

Highest and Lowest share prices are based on official published daily NAVs priced at 12 noon on the last business day of the year. The closing net asset value per share is at close of business.

*Share class closed on 24 April 2020.

Aegon Global Equity Fund

Comparative Tables (continued)

D Accumulation shares***	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	230.93	232.69	193.72
Return before operating charges**	2.37	0.58	41.31
Operating charges	(1.29)	(2.34)	(2.34)
Return after operating charges**	1.08	(1.76)	38.97
Distributions	-	-	(1.05)
Retained distributions on accumulation shares	-	-	1.05
Redemption value	232.01	-	-
Closing net asset value per share	-	230.93	232.69
**after direct transaction costs of	0.33	0.46	0.39
Performance			
Return after charges	0.47%	(0.76)%	20.12%
Other information			
Closing net asset value (£'000)	-	73	81
Closing number of shares	-	31,693	34,987
Operating charges	-	1.09%	1.08%
Direct transaction costs	-	0.22%	0.18%
Prices			
Highest share price	242.28	247.08	239.45
Lowest share price	213.38	188.23	193.49

E Accumulation shares****	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	118.48	119.99	100.39
Return before operating charges**	(7.01)	0.25	21.36
Operating charges	(0.50)	(1.76)	(1.76)
Return after operating charges**	(7.51)	(1.51)	19.60
Distributions	-	-	-
Retained distributions on accumulation shares	-	-	-
Redemption value	110.97	-	-
Closing net asset value per share	-	118.48	119.99
**after direct transaction costs of	0.17	0.24	0.20
Performance			
Return after charges	(6.34)%	(1.26)%	19.52%
Other information			
Closing net asset value (£'000)	-	88	94
Closing number of shares	-	74,358	78,215
Operating charges	-	1.59%	1.58%
Direct transaction costs	-	0.22%	0.18%
Prices (Euros)	(c/share)	(c/share)	(c/share)
Highest share price	131.15	140.79	140.00
Lowest share price	121.50	107.51	111.00

Highest and Lowest share prices are based on official published daily NAVs priced at 12 noon on the last business day of the year. The closing net asset value per share is at close of business.

***Share class closed on 3 February 2020.

****Share class closed on 31 October 2019.

Aegon Global Equity Fund

Comparative Tables (continued)

S Accumulation shares*****	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	107.21	107.38	100.00
Return before operating charges**	3.44	0.32	7.69
Operating charges	(0.48)	(0.49)	(0.31)
Return after operating charges**	2.96	(0.17)	7.38
Distributions	(0.11)	(0.58)	(0.76)
Retained distributions on accumulation shares	0.11	0.58	0.76
Closing net asset value per share	110.17	107.21	107.38
**after direct transaction costs of	0.15	0.21	0.12
Performance			
Return after charges	2.76%	(0.16)%	7.38%
Other information			
Closing net asset value (£'000)	1,568	1,589	1,635
Closing number of shares	1,423,100	1,481,500	1,522,500
Operating charges	0.46%	0.49%	0.49%
Direct transaction costs	0.15%	0.22%	0.18%
Prices			
Highest share price	115.52	114.08	110.49
Lowest share price	99.20	87.08	93.76

Highest and Lowest share prices are based on official published daily NAVs priced at 12 noon on the last business day of the year. The closing net asset value per share is at close of business.

*****Share class launched on 19 December 2017.

Aegon Global Equity Fund

Portfolio Statement

The sub-fund's investments as at 31 July 2020

Holding	Investment	Market valuation £'000	Total net assets %
Equities 97.28% (31 July 2019 97.27%)			
Australia 3.16% (31 July 2019 1.03%)			
39,295	Domino's Pizza	1,576	1.88
148,884	IDP Education	1,074	1.28
		2,650	3.16
Canada 0.00% (31 July 2019 3.52%)			
China 3.48% (31 July 2019 5.80%)			
246,250	A-Living Services	1,059	1.26
258,000	Anta Sports Products	1,864	2.22
		2,923	3.48
Denmark 0.00% (31 July 2019 1.04%)			
France 1.19% (31 July 2019 1.71%)			
4,498	Teleperformance	1,001	1.19
		1,001	1.19
Germany 1.38% (31 July 2019 4.11%)			
20,651	Nemetschek	1,155	1.38
		1,155	1.38
Hong Kong 0.00% (31 July 2019 0.00%)			
128,000	China High Precision Automation*	-	-
		-	-
Ireland 4.25% (31 July 2019 2.51%)			
12,989	ICON	1,834	2.19
31,674	Kingspan	1,734	2.06
		3,568	4.25
Israel 3.39% (31 July 2019 0.00%)			
21,343	SolarEdge Technologies	2,847	3.39
		2,847	3.39
Italy 4.84% (31 July 2019 5.58%)			
77,599	Amplifon	2,019	2.41
13,674	DiaSorin	2,044	2.43
		4,063	4.84
Japan 8.78% (31 July 2019 10.83%)			
5,400	Disco	979	1.16
16,800	JINS	864	1.03
11,700	Keyence	3,727	4.44
10,900	Shimano	1,804	2.15
		7,374	8.78
Mexico 0.00% (31 July 2019 2.01%)			
Netherlands 3.12% (31 July 2019 0.00%)			
36,718	Alfen Beheer	1,224	1.46
71,121	Basic-Fit	1,397	1.66
		2,621	3.12
Norway 2.58% (31 July 2019 2.43%)			
69,290	Tomra Systems	2,166	2.58
		2,166	2.58

Aegon Global Equity Fund

Portfolio Statement (continued)

Holding	Investment	Market valuation £'000	Total net assets %
	South Korea 0.00% (31 July 2019 1.22%)		
	Switzerland 1.62% (31 July 2019 5.51%)		
3,216	Geberit	1,355	1.62
		1,355	1.62
	Taiwan 1.65% (31 July 2019 0.00%)		
164,000	Simplo Technology	1,386	1.65
		1,386	1.65
	Thailand 0.00% (31 July 2019 1.76%)		
	United Kingdom 9.42% (31 July 2019 4.00%)		
373,801	Auto Trader	2,005	2.39
64,444	Dechra Pharmaceuticals	1,839	2.19
35,456	Endava	1,395	1.66
69,964	Softcat	882	1.05
68,000	TMO Renewables*	-	-
437,143	Trainline	1,787	2.13
		7,908	9.42
	United States 48.42% (31 July 2019 44.21%)		
3,736	ABIOMED	852	1.02
34,737	Albemarle	2,181	2.60
19,466	Avery Dennison	1,681	2.00
170,622	Avita Therapeutics	559	0.67
63,492	Bottomline Technologies	2,335	2.78
12,100	Burlington Stores	1,730	2.06
15,618	Everbridge	1,699	2.02
13,729	Fidelity National Information Services	1,530	1.82
30,035	First Republic Bank	2,573	3.07
16,965	Haemonetics	1,133	1.35
6,180	Illumina	1,798	2.14
5,653	Insulet	876	1.04
3,656	MarketAxess	1,438	1.71
10,100	Penumbra	1,706	2.03
42,174	Perficient	1,260	1.50
34,123	Planet Fitness	1,356	1.62
230,476	Plug Power	1,352	1.61
55,915	STAAR Surgical	2,480	2.95
9,402	SVB Financial	1,606	1.91
32,957	Teradyne	2,233	2.66
1,968	Tesla	2,147	2.56
39,141	Tetra Tech	2,644	3.15
13,537	Universal Display	1,799	2.14
61,965	Veracyte	1,684	2.01
		40,652	48.42
	Portfolio of investments	81,669	97.28
	Net other assets	2,283	2.72
	Total net assets attributable to shareholders	83,952	100.00

The comparative percentage figures in brackets are at 31 July 2019.

All investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market, unless otherwise stated.

As all holdings are equity shares there is no analysis of the portfolio by asset class.

*Unlisted, suspended and delisted securities.

Aegon Global Equity Fund

Statement of Total Return for the year ended 31 July 2020

			2020		2019
	Note	£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	2		2,178		(670)
Revenue	3	502		932	
Expenses	4	(686)		(719)	
Interest payable and similar charges		(3)		(3)	
Net (expense)/revenue before taxation		(187)		210	
Taxation	5	(45)		(74)	
Net (expense)/revenue after taxation			(232)		136
Total return before distributions			1,946		(534)
Distributions	6		(2)		(174)
Change in net assets attributable to shareholders from investment activities			1,944		(708)

Statement of Change in Net Assets Attributable to Shareholders for the year ended 31 July 2020

		2020		2019
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		83,924		85,304
Amounts receivable on issue of shares	15,786		20,361	
Amounts payable on cancellation of shares	(17,726)		(21,229)	
		(1,940)		(868)
Dilution adjustment		22		26
Change in net assets attributable to shareholders from investment activities		1,944		(708)
Retained distribution on accumulation shares		2		170
Closing net assets attributable to shareholders		83,952		83,924

Aegon Global Equity Fund

Balance Sheet as at 31 July 2020

			2020		2019
	Note	£'000	£'000	£'000	£'000
Assets					
Fixed assets:					
Investments			81,669		81,636
Current assets:					
Debtors	7	85		297	
Cash and bank balances	8	<u>2,546</u>		<u>3,760</u>	
			<u>2,631</u>		<u>4,057</u>
Total assets			84,300		85,693
Liabilities					
Creditors					
Other creditors	9	<u>348</u>		<u>1,769</u>	
Total liabilities			<u>348</u>		<u>1,769</u>
Net assets attributable to shareholders			83,952		83,924

Aegon Global Equity Fund

Notes to the Financial Statements

1 Accounting policies

The sub-fund's financial statements have been prepared on the basis disclosed on pages 12 to 14.

2 Net capital gains/(losses)

Net capital gains/(losses) comprise:

	2020	2019
	£'000	£'000
Gains/(losses) on non-derivative securities	2,187	(717)
Currency exchange (losses)/gains	(2)	54
Transaction charges	(7)	(7)
Net capital gains/(losses)	2,178	(670)

3 Revenue

	2020	2019
	£'000	£'000
UK dividends	81	63
Non-taxable overseas dividends	412	854
Bank interest	9	15
Total revenue	502	932

4 Expenses*

	2020	2019
	£'000	£'000
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	641	655
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary fee	14	18
Other expenses:		
Audit fee**	10	11
Investment advisor fees	1	-
FT publishing fee	2	2
KIID fee	-	1
Legal fees	4	-
PRIIPs fees	1	4
Registrar's fee	7	20
Safe custody charge	6	8
	31	46
Total expenses	686	719

*All expenditure stated above is inclusive of irrecoverable VAT where applicable.

**The audit fee (excluding VAT) incurred during the year was £8,500 (2019: £9,553).

5 Taxation

a) Analysis of charge in the year

	2020	2019
	£'000	£'000
Current tax:		
Overseas tax suffered	45	74
Total tax charge for the year (see note 5 (b))	45	74

Aegon Global Equity Fund

Notes to the Financial Statements (continued)

5 Taxation (continued)

b) Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019: higher than) the standard rate of corporation tax for Open Ended Investment Companies 'OEICs' (20%).

The differences are explained below:

	2020 £'000	2019 £'000
Net (expense)/revenue before taxation	(187)	210
Corporation tax 20% (2019: 20%)	(37)	42
Effects of:		
Movement in excess expenses	136	140
Overseas tax suffered	45	74
Revenue not subject to taxation	(99)	(182)
Total tax charge for the year (see note 5 (a))	45	74

c) Factors that may affect future tax charges

After claiming relief against accrued revenue taxable on receipt, the sub-fund has unrelieved excess expenses of £7,161,000 (2019: £6,478,000). It is unlikely that the sub-fund will generate sufficient taxable profits in the future to utilise these expenses and therefore a deferred tax asset of £1,432,000 (2019: £1,296,000) has not been recognised.

6 Distributions

a) Distributions

The distributions take account of amounts receivable on the issue of shares and amounts deductible on the cancellation of shares, and comprise:

	2020 £'000	2019 £'000
Final distribution	2	170
	2	170
Add: amounts deductible on cancellation of shares	-	5
Less: amounts receivable on creation of shares	-	(1)
Distributions	2	174

Details of the distributions are set out in the tables on page 148.

b) Movement between net (expense)/revenue and distribution

	2020 £'000	2019 £'000
Net (expense)/revenue after taxation	(232)	136
Capital reimbursement of revenue deficit	234	38
Distributions	2	174

7 Debtors

	2020 £'000	2019 £'000
Accrued revenue	68	25
Amounts receivable on issue of shares	-	6
Sales awaiting settlement	-	247
Reclaimable overseas tax	17	19
Debtors	85	297

8 Cash and bank balances

	2020 £'000	2019 £'000
Cash and bank balances	2,546	2,539
Money market deposits	-	1,221
Cash and bank balances	2,546	3,760

Aegon Global Equity Fund

Notes to the Financial Statements (continued)

9 Other creditors

	2020	2019
	£'000	£'000
Accrued ACD periodic charge	54	57
Accrued other expenses	27	31
Amounts payable for cancellation of shares	267	653
Purchases awaiting settlement	-	1,028
Other creditors	348	1,769

10 Related parties

Related party interests in the sub-fund are disclosed in Note 6 of the Accounting Policies on page 17. Amounts due to the ACD as at year end for the ACD periodic charge and amounts due to the ACD for outstanding cancellations are disclosed in Note 9. Amounts receivable from the ACD as at year end for outstanding issue of shares are disclosed in Note 7. At the year-end 83.91% (2019: 81.98%) of the shares in issue were owned by AEGON Group or AEGON UK companies.

11 Contingent assets, liabilities and commitments

There were no contingent assets, liabilities or commitments present in the sub-fund as at 31 July 2020 (2019: Nil).

12 Financial instruments and risk

The risks associated with the sub-fund are market, concentration, valuation, yield, liquidity, counterparty, and interest rate risk. Narrative disclosures are on pages 15 to 17.

VaR Disclosure

The Manager assesses the market risk of the sub-fund's investments, including any derivative exposure, using a value at risk methodology. This process provides the Manager with an estimate of the maximum potential loss that could be expected to occur as a result of changes in market prices over a given period of time in all but a given percentage of circumstances. The value at risk is calculated on a 95.00% (2019: 95.00%) confidence interval with a one month time horizon and a five year history, using Historical model. The sub-fund has an absolute VaR limit of 14.10% (2019: 14.10%). As at the balance sheet date, the sub-fund's value at risk is 6.44% (2019: 3.98%).

The following table details the lowest, highest and average utilisation of the VaR limit:

	Lowest Utilisation (%)	Highest Utilisation (%)	Average Utilisation (%)
31 July 2020	3.38	6.61	4.75
31 July 2019	3.55	4.85	4.19

Leverage

As the sub-fund has not traded in derivatives throughout the year there is no significant exposure to leverage.

Counterparty risk

As the sub-fund has not traded in derivatives throughout the year there is no significant counterparty risk.

13 Portfolio transaction costs

Purchases

	Value £'000	Commission £'000	%	Other Costs* £'000	%
31 July 2020					
Equities	89,272	35	0.04	36	0.04
Total	89,272	35		36	
Total purchases including transaction costs	89,343				
31 July 2019					
Equities	80,140	45	0.06	65	0.08
Total	80,140	45		65	
Total purchases including transaction costs	80,250				

*Other Costs includes taxes and any other costs other than commissions incurred by the sub-fund when buying and selling an underlying investment.

Aegon Global Equity Fund

Notes to the Financial Statements (continued)

13 Portfolio transaction costs (continued)

Sales

31 July 2020	Value £'000	Commissions £'000	%	Other Costs* £'000	%
Equities	91,548	(39)	0.04	(13)	0.01
Total	91,548	(39)		(13)	
Total sales net of transaction costs	91,496				
31 July 2019					
Equities	82,997	(43)	0.05	(20)	0.02
Total	82,997	(43)		(20)	
Total sales net of transaction costs	82,934				

*Other Costs includes taxes and any other costs other than commissions incurred by the sub-fund when buying and selling an underlying investment.

Portfolio transaction costs are incurred by the sub-fund when buying and selling underlying investments. These vary depending on the class of investment, country of exchange and method of execution. These costs can be classified as either direct or indirect transaction costs:

- Direct transaction costs: Broker commissions, fees and taxes.
- Indirect transaction costs: 'Dealing spread' - the difference between the buying and selling prices of the sub-fund's underlying investments.

In order to protect existing investors from the effects of dilution, portfolio transaction costs incurred as a result of investors buying and selling shares in the sub-fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

At the balance sheet date, the portfolio dealing spread was 0.23% (2019: 0.24%), being the difference between the respective bid and offer prices for the sub-fund's investments.

14 Fair value hierarchy

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The fair value hierarchy has the following levels:

Level 1 – Unadjusted quoted price in an active market for an identical instrument.

Level 2 – Valuation techniques using observable inputs other than quoted prices within level 1.

Level 3 – Valuation techniques using unobservable inputs.

Basis of valuation	2020		2019	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
1 - Unadjusted quoted prices	81,669	-	81,636	-
2 - Observable market data	-	-	-	-
3 - Unobservable data	-	-	-	-
	81,669	-	81,636	-

15 Share classes

The sub-fund currently has two share classes; B (Institutional) and S (Institutional). The ACD's periodic charge on each share class is as follows:

B share class: 0.75%

S share class: 0.40%

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative tables on pages 136 to 138. The distribution per share class is given in the distribution tables on page 148. All share classes have the same rights on winding up.

Share class movement reconciliation

31 July 2020	Opening	Creations	Cancellations	Converted	Closing
A Accumulation*	3,024,530	6,528,510	(6,321,231)	(3,231,809)	-
B Accumulation	31,061,287	4,024,885	(4,908,001)	2,780,265	32,958,436
D Accumulation**	31,693	528	(16,769)	(15,452)	-
E Accumulation ***	74,358	-	(74,358)	-	-
S Accumulation	1,481,500	-	(58,400)	-	1,423,100

*Share class closed on 24 April 2020.

**Share class closed on 3 February 2020.

***Share class closed on 31 October 2019.

Aegon Global Equity Fund

Notes to the Financial Statements (continued)

13 Post balance sheet events

The table below shows the net asset values per share as at the balance sheet date, compared against values as at 23 November 2020 and the percentage movement in that period:

Net assets per share	31 July 2020	23 November 2020	Movement
B Accumulation	249.97	302.44	20.99%
S Accumulation	110.17	133.44	21.12%

Following the COVID-19 outbreak there has been an on-going period of high volatility in global financial markets. As a result, we have witnessed significant movements in the net asset value of the sub-fund since the balance sheet date. During the period from the balance sheet date to 23 November 2020, the net asset value per B Accumulation share has increased by 20.99%.

Aegon Global Equity Fund

Distribution Tables

Share Class A Accumulation**

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2019 Total Paid
31/07/20	30/11/20	Group 1	-	-	-	0.0000
		Group 2				

Share Class B Accumulation

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2019 Total Paid
31/07/20	30/11/20	Group 1	0.0000	N/A	0.0000	0.5194
		Group 2	0.0000	0.0000		

Share Class D Accumulation***

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2019 Total Paid
31/07/20	30/11/20	Group 1	-	-	-	0.0000
		Group 2				

Share Class E Accumulation (Euros)****

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2019 Total Paid
31/07/20	30/11/20	Group 1	-	-	-	0.0000
		Group 2				

Share Class S Accumulation

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2019 Total Paid
31/07/20	30/11/20	Group 1	0.1065	N/A	0.1065	0.5766
		Group 2	0.1065	0.0000		

All distributions above are in pence per share unless specifically stated.

*Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being a capital repayment, it is not liable to income tax but must be deducted from the cost of the shares for capital gains tax purposes.

**Share class closed on 24 April 2020.

***Share class closed on 3 February 2020.

****Share class closed on 31 October 2019.

Aegon High Yield Bond Fund

Fund objective*

The investment objective is to provide a combination of income and capital growth over any 7 year period. At least 80% of the sub-fund will be invested in a portfolio of high yield corporate bonds issued anywhere in the world and denominated in any currency. The sub-fund may also invest in deposits and money market instruments, and derivative instruments and forward transactions may be used for investment purposes or for efficient portfolio management.

Risk profile

The sub-fund is designed for retail and institutional investors seeking pooled exposure to the high yield bond market and who are comfortable with a medium level of investment risk. In most cases, we expect the sub-fund to be held as part of a diversified portfolio which may include other assets such as bonds, equities, property and cash. While investors will normally be able to liquidate their holdings on a daily basis, unit prices will fluctuate and may fall significantly in value. Consequently, it is important to understand that the sub-fund should be viewed as a longer term investment.

The sub-fund is actively managed and exposed to a range of risks, which are listed and defined in the Aegon Asset Management UK ICVC Prospectus. The most material risks from this list also appear in our Key Investor Information documents (KIID) where they are summarised in an easy-to-read format. You can find both of these documents on our website at www.aegonam.com.

Performance**

The Aegon High Yield Bond Fund returned (1.10)% compared to the peer group median return of 0.21%. The peer group is the Investment Association Sterling High Yield sector.

Strategy review***

The high yield bond sector started the year positively as central banks acted to support the global economy. At the same time, more constructive comments around the US/ China trade war coupled with some positive developments regarding Brexit helped risk assets to rally.

Initially, we took a relatively cautious approach by focusing on BB and single B-rated bonds. At the same time we remained extremely selective when investing in CCC-rated debt. We were very active in both the primary and secondary markets and looked for opportunities to recycle existing bonds into better opportunities, often in the same issuer.

We also added value through disciplined issue selection. Our exposure to bonds issued by financial institutions (particularly banks and insurance) contributed positively during the first half of the year, as did our exposure to select technology and auto industry names.

After a solid start to 2020, the positive backdrop gave way abruptly to an unprecedented sell-off in almost all assets as the coronavirus pandemic started to take hold and forced economies into lockdown. As such, our relatively pro-risk asset allocation bias was hit hard. In particular, our overweight exposure to Bs relative to the index, and underweight BBs detracted. Exposure to PureGym, Cirsa and Avolon detracted as leisure, gaming and aircraft lessors suffered. However, we were able to clawback some gains through our underweight exposure to the energy sector.

The subsequent unprecedented actions of central banks and governments to support economies through a combination of monetary easing, quantitative easing programmes and supportive fiscal policy was welcomed by the market. The remainder of the year was therefore marked by a complete reversal of the negative tone seen in March. We benefited from the much-improved sentiment towards high yield due to our decision to retain overall risk position.

The rally in subordinated financial debt added value given our overweight positioning, while a strong rally in some of our consumer facing names that had been hit hard, such as UK no-frills gym operator PureGym and German retailer CBR Fashion, also benefited returns. A number of holdings within the energy sector performed well, including Tullow Oil, US E&P companies Hilcorp Energy and EnQuest. Elsewhere, our holding in Italian bank Banca Monte dei Paschi di Siena added value, as the long-awaited bad debt clean-up plan received preliminary approval from European authorities.

Outlook

The ongoing challenging economic backdrop continues to cause concern, as will another round of cliff-edge Brexit negotiations. In this environment we expect central banks to continue offering support to economies which, in turn, is positive for fixed income markets.

*Please note that the sub-fund's objective has been updated effective 7 September 2020. The latest update can be found in the sub-fund's prospectus at www.aegonam.com.

**Source: Lipper, % growth, income re-invested at pay date, NAV-NAV, GBP, net of Basic Rate Tax. Index returns are gross of Basic Rate Tax. Investors are invited to compare the sub-fund's performance against the performance of other funds within the Investment Association Sterling High Yield Bond Sector. Comparison of the sub-fund against this Sector will give investors an indication of how the sub-fund is performing compared with funds investing in a similar but not identical investment universe. This comparison should be performed over at least a 7 year period to provide the most useful long term comparison.

***General references to markets and indices are to be considered as general market commentary only and (i) are not to be considered as a comparison of sub-fund performance against a benchmark (unless otherwise disclosed as such); and (ii) the index or indices do not operate as a performance target and the sub-fund's portfolio is not constrained by the index or indices.

Aegon High Yield Bond Fund

Material portfolio changes			
Top ten purchases	31 July 2020	Top ten sales	31 July 2020
	£'000		£'000
Connect Finco 6.75% 10/01/2026	7,264	Unitymedia 6.125% 15/01/2025	10,084
Boeing 5.93% 01/05/2060	6,818	First Data 5% 15/01/2024	9,642
Summer (BC) A 9.25% 31/10/2027	6,722	Vantiv / Vantiv Issuer 3.875% 15/11/2025	8,927
ARD Finance 5% 30/06/2027	6,492	Teva Pharmaceutical Finance 2.95% 18/12/2022	8,666
Prime Security Services Borrower 6.25% 15/01/2028	5,636	El Group 7.5% 15/03/2024	8,467
UniCredit 6.625% Perpetual	5,597	Boeing 5.93% 01/05/2060	7,299
Barclays 6.375% Perpetual	5,546	Miller Homes 5.5% 15/10/2024	7,129
LHMC Finco 2 7.25% 10/02/2025	5,233	Catalent Pharma Solutions 4.75% 15/12/2024	6,974
IHS Netherlands 8% 18/09/2027	4,779	UniCredit 9.25% Perpetual	6,925
AerCap 5.875% 10/10/2079	4,655	Equinix 2.875% 01/10/2025	6,831

Aegon High Yield Bond Fund

Comparative Tables

A Accumulation shares	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	134.43	126.35	125.53
Return before operating charges*	(0.41)	9.74	2.44
Operating charges	(1.73)	(1.66)	(1.62)
Return after operating charges*	(2.14)	8.08	0.82
Distributions	(7.40)	(6.85)	(5.96)
Retained distributions on accumulation shares	7.40	6.85	5.96
Closing net asset value per share	132.29	134.43	126.35
 *after direct transaction costs of	-	-	-
Performance			
Return after charges	(1.59)%	6.39%	0.65%
Other information			
Closing net asset value (£'000)	6,026	44,844	82,734
Closing number of shares	4,555,490	33,357,821	65,480,872
Operating charges	1.29%	1.29%	1.28%
Direct transaction costs	-	-	-
Prices			
Highest share price	141.14	134.64	127.27
Lowest share price	105.89	122.77	124.69

A Income shares	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	51.02	50.57	52.68
Return before operating charges*	(0.20)	3.78	1.01
Operating charges	(0.64)	(0.65)	(0.67)
Return after operating charges*	(0.84)	3.13	0.34
Distributions	(2.73)	(2.68)	(2.45)
Retained distributions on accumulation shares	-	-	-
Closing net asset value per share	47.45	51.02	50.57
 *after direct transaction costs of	-	-	-
Performance			
Return after charges	(1.65)%	6.19%	0.65%
Other information			
Closing net asset value (£'000)	132	11,733	32,493
Closing number of shares	277,795	22,994,937	64,248,779
Operating charges	1.29%	1.29%	1.28%
Direct transaction costs	-	-	-
Prices			
Highest share price	52.38	51.35	52.86
Lowest share price	38.99	48.03	50.12

Highest and Lowest share prices are based on official published daily NAVs priced at 12 noon on the last business day of the year. The closing net asset value per share is at close of business.

Aegon High Yield Bond Fund

Comparative Tables (continued)

B Accumulation shares	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	292.17	273.23	270.10
Return before operating charges*	(0.95)	21.15	5.27
Operating charges	(1.98)	(2.21)	(2.14)
Return after operating charges*	(2.93)	18.94	3.13
Distributions	(16.11)	(14.85)	(12.86)
Retained distributions on accumulation shares	16.11	14.85	12.86
Closing net asset value per share	289.24	292.17	273.23
 *after direct transaction costs of	-	-	-
Performance			
Return after charges	(1.00)%	6.93%	1.16%
Other information			
Closing net asset value (£'000)	244,393	298,067	366,356
Closing number of shares	84,495,317	102,017,107	134,081,491
Operating charges	0.59%	0.79%	0.78%
Direct transaction costs	-	-	-
Prices			
Highest share price	307.68	292.62	274.52
Lowest share price	230.99	266.07	268.69

B Income shares	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	97.79	96.44	99.95
Return before operating charges*	(0.39)	7.23	1.93
Operating charges	(0.65)	(0.76)	(0.78)
Return after operating charges*	(1.04)	6.47	1.15
Distributions	(5.26)	(5.12)	(4.66)
Retained distributions on accumulation shares	-	-	-
Closing net asset value per share	91.49	97.79	96.44
 *after direct transaction costs of	-	-	-
Performance			
Return after charges	(1.06)%	6.71%	1.15%
Other information			
Closing net asset value (£'000)	100,986	124,976	284,612
Closing number of shares	110,373,161	127,797,425	295,123,392
Operating charges	0.59%	0.79%	0.78%
Direct transaction costs	-	-	-
Prices			
Highest share price	100.65	98.41	100.43
Lowest share price	75.01	91.80	95.53

Highest and Lowest share prices are based on official published daily NAVs priced at 12 noon on the last business day of the year. The closing net asset value per share is at close of business.

Aegon High Yield Bond Fund

Comparative Tables (continued)

D Accumulation shares**	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	130.50	122.35	121.25
Return before operating charges*	6.60	9.45	2.36
Operating charges	(0.74)	(1.30)	(1.26)
Return after operating charges*	5.86	8.15	1.10
Distributions	(3.42)	(6.64)	(5.77)
Retained distributions on accumulation shares	3.42	6.64	5.77
Redemption value	(136.36)	-	-
Closing net asset value per share	-	130.50	122.35
 *after direct transaction costs of	-	-	-
Performance			
Return after charges	4.49%	6.66%	0.91%
Other information			
Closing net asset value (£'000)	-	1,441	1,882
Closing number of shares	-	1,104,482	1,538,372
Operating charges	-	1.04%	1.03%
Direct transaction costs	-	-	-
Prices			
Highest share price	137.03	130.70	123.08
Lowest share price	129.67	119.01	120.60

D Income shares**	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	95.43	94.34	98.02
Return before operating charges*	4.78	7.07	1.88
Operating charges	(0.54)	(0.98)	(1.00)
Return after operating charges*	4.24	6.09	0.88
Distributions	(2.48)	(5.00)	(4.56)
Retained distributions on accumulation shares	-	-	-
Redemption value	(97.19)	-	-
Closing net asset value per share	-	95.43	94.34
 *after direct transaction costs of	-	-	-
Performance			
Return after charges	4.44%	6.46%	0.90%
Other information			
Closing net asset value (£'000)	-	2,263	3,252
Closing number of shares	-	2,370,858	3,447,206
Operating charges	-	1.04%	1.03%
Direct transaction costs	-	-	-
Prices			
Highest share price	98.09	96.03	98.43
Lowest share price	94.82	89.71	93.48

Highest and Lowest share prices are based on official published daily NAVs priced at 12 noon on the last business day of the year. The closing net asset value per share is at close of business.

**Share classes closed on 3 February 2020.

Aegon High Yield Bond Fund

Comparative Tables (continued)

S Accumulation shares***	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	107.63	100.40	100.00
Return before operating charges*	(0.41)	7.80	0.76
Operating charges	(0.51)	(0.57)	(0.36)
Return after operating charges*	(0.92)	7.23	0.40
Distributions	(5.95)	(5.47)	(2.98)
Retained distributions on accumulation shares	5.95	5.47	2.98
Closing net asset value per share	106.71	107.63	100.40
 *after direct transaction costs of	-	-	-
Performance			
Return after charges	(0.85)%	7.20%	0.40%
Other information			
Closing net asset value (£'000)	1,323	1,010	34
Closing number of shares	1,239,929	938,407	33,253
Operating charges	0.49%	0.54%	0.53%
Direct transaction costs	-	-	-
Prices			
Highest share price	113.47	107.79	100.76
Lowest share price	88.26	97.88	99.03

S Income shares***	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	99.08	97.45	100.00
Return before operating charges*	(0.43)	7.34	0.75
Operating charges	(0.48)	(0.53)	(0.35)
Return after operating charges*	(0.91)	6.81	0.40
Distributions	(5.32)	(5.18)	(2.95)
Retained distributions on accumulation shares	-	-	-
Closing net asset value per share	92.85	99.08	97.45
 *after direct transaction costs of	-	-	-
Performance			
Return after charges	(0.92)%	6.99%	0.40%
Other information			
Closing net asset value (£'000)	9,181	6,963	51
Closing number of shares	9,887,862	7,028,184	52,096
Operating charges	0.49%	0.54%	0.53%
Direct transaction costs	-	-	-
Prices			
Highest share price	102.09	99.70	100.62
Lowest share price	78.35	92.87	96.52

Highest and Lowest share prices are based on official published daily NAVs priced at 12 noon on the last business day of the year. The closing net asset value per share is at close of business.

***Share classes launched on 19 December 2017.

Aegon High Yield Bond Fund

Portfolio Statement

The sub-fund's investments as at 31 July 2020

Holding	Investment	Market Valuation £'000	Total net assets %
	Canadian Dollar Denominated Bonds 0.00% (31 July 2019 1.48%)		
	Corporate Bonds 0.00% (31 July 2019 1.48%)		
	Euro Denominated Bonds 38.89% (31 July 2019 42.05%)		
	Asset Backed Security 1.32% (31 July 2019 0.00%)		
4,900,000	Intrum 2.75% 15/07/2022	2,203	0.61
3,600,000	Summer (BC) A 9.25% 31/10/2027	2,589	0.71
		4,792	1.32
	Corporate Bonds 37.57% (31 July 2019 42.05%)		
2,600,000	Algeco Global Finance 6.5% 15/02/2023	2,258	0.62
6,100,000	ARD Finance 5% 30/06/2027	5,346	1.48
4,200,000	Assemblin Financing 5% 15/05/2025	3,593	0.99
3,700,000	Banca Monte dei Paschi di Siena 3.625% 24/09/2024	3,401	0.94
1,700,000	Banca Monte dei Paschi di Siena 8% 22/01/2030	1,476	0.41
1,000,000	Banca Monte dei Paschi di Siena 10.5% 23/07/2029	1,000	0.28
3,400,000	Banco Bilbao Vizcaya Argentaria 5.875% Perpetual	2,917	0.81
4,100,000	Banijay 6.5% 01/03/2026	3,406	0.94
3,000,000	Bankia 6.375% Perpetual	2,578	0.71
2,400,000	Catalent Pharma Solutions 2.375% 01/03/2028	2,070	0.57
4,500,000	CBR Fashion Finance 5.125% 01/10/2022	3,547	0.98
3,100,000	Cogent Communications 4.375% 30/06/2024	2,815	0.78
4,600,000	CPI Property 4.375% Perpetual	4,069	1.12
2,750,000	DKT Finance 7% 17/06/2023	2,490	0.69
2,400,000	Ellaktor Value 6.375% SNR 15/12/2024	1,668	0.46
3,900,000	Energizer Gamma Acquisition 4.625% 15/07/2026	3,606	1.00
1,600,000	Gamma Bidco 6.25% 15/07/2025	1,434	0.40
2,700,000	Garrett Borrowing 5.125% 15/10/2026	1,933	0.53
2,500,000	Grifols 3.2% 01/05/2025	2,262	0.62
4,500,000	Guala Closures 3.5% 15/04/2024	3,998	1.10
1,900,000	Intertrust Group 3.375% 15/11/2025	1,745	0.48
5,800,000	LHC3 4.125% 15/08/2024	5,220	1.44
5,928,000	LHMC Finco 2 7.25% 10/02/2025	3,678	1.02
2,300,000	Newco 8% 15/12/2022	1,834	0.51
2,300,000	Nexi 1.75% 31/10/2024	2,026	0.56
2,500,000	Nidda BondCo 5% 30/09/2025	2,212	0.61
4,600,000	Nidda Healthcare 3.5% 30/09/2024	4,082	1.13
2,900,000	Novafives 5% 15/06/2025	1,901	0.52
2,000,000	OI European 2.875% 15/02/2025	1,798	0.50
3,200,000	Paprec 4% 31/03/2025	2,626	0.73
2,200,000	Parts Europe 6.5% 16/07/2025	2,004	0.55
3,300,000	Platin 1426 5.375% 15/06/2023	2,838	0.78
2,900,000	Rubis Terminal 5.625% 15/05/2025	2,685	0.74
4,900,000	Sarens Finance 5.75% 21/02/2027	3,557	0.98
2,600,000	Sazka 3.875% 15/02/2027	2,038	0.56
3,900,000	Sazka 4.125% 20/11/2024	3,267	0.90
3,900,000	Sisal Pay 3.875% 17/12/2026	3,397	0.94
5,100,000	Stichting AK Rabobank Certificaten 6.5% Perpetual	5,020	1.39
5,350,000	Superior Industries International 6% 15/06/2025	3,929	1.08
2,500,000	Swissport Financing 5.25% 15/08/2024	1,804	0.50
3,100,000	Tenneco 4.875% 15/04/2022	2,645	0.73
4,900,000	Teva Pharmaceutical Finance Netherlands II 1.125% 15/10/2024	3,944	1.09

Aegon High Yield Bond Fund

Portfolio Statement (continued)

Holding	Investment	Market Valuation £'000	Total net assets %
Corporate Bonds (continued)			
3,900,000	Teva Pharmaceutical Finance Netherlands II 6% 31/01/2025	3,750	1.04
5,600,000	Trivium Packaging Finance 3.75% 15/08/2026	5,035	1.39
4,000,000	UniCredit 6.625% Perpetual	3,578	0.99
3,900,000	Verisure Midholding 5.75% 01/12/2023	3,531	0.98
		136,011	37.57
Sterling Denominated Bonds 9.91% (31 July 2019 16.64%)			
Asset Backed Security 0.00% (31 July 2019 0.87%)			
Corporate Bonds 9.91% (31 July 2019 15.77%)			
5,900,000	Arqiva Broadcast Finance 6.75% 30/09/2023	6,110	1.69
3,900,000	Barclays 6.375% Perpetual	3,777	1.04
4,000,000	CPUK Finance 4.25% 28/08/2022	3,904	1.08
6,700,000	McLaren Finance 5% 01/08/2022	5,415	1.49
2,000,000	Miller Homes 5.5% 15/10/2024	2,013	0.56
17,100	Nationwide Building Society 10.25% Perpetual	2,721	0.75
2,200,000	Paymentsense 8% 15/10/2025	2,266	0.63
6,900,000	Pinnacle Bidco 6.375% 15/02/2025	5,826	1.61
4,200,000	Virgin Money UK 8% Perpetual	3,837	1.06
		35,869	9.91
United States Dollar Denominated Bonds 42.05% (31 July 2019 44.08%)			
Asset Backed Security 1.00% (31 July 2019 0.00%)			
4,600,000	Mileage Plus Intellectual Property Assets 6.5% 20/06/2027	3,624	1.00
		3,624	1.00
Corporate Bonds 41.05% (31 July 2019 44.08%)			
2,100,000	Adient US 9% 15/04/2025	1,786	0.49
5,700,000	AerCap 5.875% 10/10/2079	3,301	0.91
1,200,000	AerCap Ireland Capital 6.5% 15/07/2025	976	0.27
2,200,000	Aker 5.875% 31/03/2025	1,759	0.49
5,700,000	American Airlines 11.75% 15/07/2025	3,784	1.05
3,900,000	American Axle & Manufacturing 6.875% 01/07/2028	3,031	0.84
1,600,000	Ardagh Packaging Finance 5.25% 30/04/2025	1,292	0.36
2,500,000	Ashton Woods 6.75% 01/08/2025	1,934	0.53
2,250,000	Avantor Funding 4.625% 15/07/2028	1,816	0.50
3,300,000	Bausch Health 6.25% 15/02/2029	2,672	0.74
1,200,000	Berry Global 5.625% 15/07/2027	979	0.27
2,000,000	Carnival 11.5% 01/04/2023	1,656	0.46
2,975,000	Carpenter Technology 6.375% 15/07/2028	2,380	0.66
2,400,000	Century Communities 6.75% 01/06/2027	1,952	0.54
2,100,000	Cheniere Energy Partners 5.25% 01/10/2025	1,640	0.45
4,100,000	Clarios Global 6.75% 15/05/2025	3,358	0.93
4,185,000	Cleveland-Cliffs 6.75% 15/03/2026	3,201	0.88
4,500,000	CommScope 7.125% 01/07/2028	3,630	1.00
4,600,000	Connect Finco 6.75% 10/01/2026	3,572	0.99
2,300,000	Constellium 5.625% 15/06/2028	1,831	0.51
2,100,000	Constellium 6.625% 01/03/2025	1,651	0.46
1,800,000	DKT Finance 9.375% 17/06/2023	1,383	0.38
5,278,500	EnQuest 7% 15/04/2022	2,132	0.59
2,897,000	Enviva Partners 6.5% 15/01/2026	2,389	0.66
2,200,000	EQM Midstream Partners 6.5% 01/07/2027	1,848	0.51
2,350,000	Expedia 3.6% 15/12/2023	1,808	0.50
2,700,000	FMG Resources August 2006 4.75% 15/05/2022	2,153	0.59
6,900,000	Frontier Communications 8.5% 01/04/2026*	5,183	1.43
3,675,000	Gartner 4.5% 01/07/2028	2,954	0.82
3,600,000	GEMS Menasa Cayman 7.125% 31/07/2026	2,636	0.73
5,900,000	Genesis Energy 5.625% 15/06/2024	4,163	1.15

Aegon High Yield Bond Fund

Portfolio Statement (continued)

Holding	Investment	Market Valuation £'000	Total net assets %
Corporate Bonds (continued)			
9,300,000	Global Aircraft Leasing 6.5% 15/09/2024	4,355	1.20
1,500,000	GLP Capital 4% 15/01/2031	1,176	0.32
3,500,000	GPC Merger 7.125% 15/08/2028	2,770	0.77
3,800,000	Greif 6.5% 01/03/2027	3,077	0.85
2,300,000	HTA 7% 18/12/2025	1,813	0.50
4,300,000	IHS Netherlands 8% 18/09/2027	3,342	0.92
4,700,000	Ithaca Energy North Sea 9.375% 15/07/2024	3,135	0.87
3,500,000	Live Nation Entertainment 4.875% 01/11/2024	2,513	0.69
2,200,000	Macy's 8.375% 15/06/2025	1,756	0.48
5,400,000	MARB BondCo 6.875% 19/01/2025	4,299	1.19
2,200,000	Meritor 6.25% 01/06/2025	1,788	0.49
2,200,000	MGM Resorts International 6% 15/03/2023	1,750	0.48
2,500,000	MGM Resorts International 6.75% 01/05/2025	1,982	0.55
3,300,000	MPT Operating Partnership 5.25% 01/08/2026	2,647	0.73
2,200,000	NCL 12.25% 15/05/2024	1,819	0.50
2,150,000	Owens-Brockway Glass Container 6.625% 13/05/2027	1,766	0.49
5,900,000	Par Petroleum / Petroleum Finance 7.75% 15/12/2025**	3,843	1.06
4,600,000	Prime Security Services Borrower 6.25% 15/01/2028	3,654	1.01
2,300,000	Royal Caribbean Cruises 9.125% 15/06/2023	1,786	0.49
2,100,000	Sally Capital 8.75% 30/04/2025	1,806	0.50
9,000,000	Tullow Oil 7% 01/03/2025	4,131	1.14
6,600,000	Vermilion Energy 5.625% 15/03/2025	4,215	1.16
2,100,000	Viking Cruises 13% 15/05/2025	1,736	0.48
2,300,000	VTR Comunicaciones 5.125% 15/01/2028	1,840	0.51
2,200,000	WESCO Distribution 7.25% 15/06/2028	1,831	0.51
2,100,000	XPO Logistics 6.125% 01/09/2023	1,632	0.45
3,500,000	XPO Logistics 6.25% 01/05/2025	2,887	0.80
3,500,000	Zayo 4% 01/03/2027	2,669	0.74
2,200,000	Zayo 6.125% 01/03/2028	1,729	0.48
		148,597	41.05
Derivatives and Futures Contracts 0.97% (31 July 2019 (2.44)%)			
Credit Default Swaps (0.10)% (31 July 2019 0.00%)			
7,600,000	Citi Buy Protection Itraxx EUR Xover S33 5-yr June 2025	(372)	(0.10)
		(372)	(0.10)
Forward Foreign Exchange Contracts 1.07% (31 July 2019 (2.44)%)			
	Bought EUR 14,900,000 Sold GBP 13,587,726 10/09/2020	(155)	(0.04)
	Bought GBP 1,753,519 Sold CAD 3,000,000 10/09/2020	47	0.01
	Bought GBP 167,446,200 Sold EUR 187,300,000 10/09/2020	(1,416)	(0.39)
	Bought GBP 148,752,927 Sold USD 189,300,000 10/09/2020	4,557	1.26
	Bought GBP 10,363,257 Sold USD 12,800,000 10/09/2020	613	0.17

Aegon High Yield Bond Fund

Portfolio Statement (continued)

Holding	Investment	Market Valuation £'000	Total net assets %
	Forward Foreign Exchange Contracts (continued)		
	Bought GBP 3,862,106 Sold USD 4,900,000 10/09/2020	130	0.03
	Bought GBP 2,396,937 Sold USD 3,000,000 10/09/2020	112	0.03
		3,888	1.07
	Portfolio of investments***	332,409	91.82
	Net other assets	29,632	8.18
	Total net assets attributable to shareholders	362,041	100.00

Analysis of investments by asset class

	Market Value £'000	Value of investments %
Bonds	328,893	90.85
Derivatives	3,516	0.97
Portfolio of investments***	332,409	91.82
Net other assets	29,632	8.18
Total net assets attributable to shareholders	362,041	100.00

The comparative percentage figures in bracket are at 31 July 2019.

All investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market, unless otherwise stated.

*Unlisted, suspended and delisted securities.

*At risk of default/defaulted or illiquid securities as disclosed on page 16.

***Includes investment liabilities.

Aegon High Yield Bond Fund

Statement of Total Return for the year ended 31 July 2020

			2020		2019
	Note	£'000	£'000	£'000	£'000
Income					
Net capital (losses)/gains	2		(28,873)		7,545
Revenue	3	23,029		31,756	
Expenses	4	(3,061)		(5,143)	
Interest payable and similar charges	5	(81)		(69)	
Net revenue before taxation		19,887		26,544	
Taxation	6	-		-	
Net revenue after taxation			19,887		26,544
Total return before distributions			(8,986)		34,089
Distributions	7		(23,029)		(31,756)
Change in net assets attributable to shareholders from investment activities			(32,015)		2,333

Statement of Change in Net Assets Attributable to Shareholders for the year ended 31 July 2020

		2020		2019
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		491,297		771,414
Amounts receivable on issue of shares	89,304		63,537	
Amounts payable on cancellation of shares	(202,969)		(367,509)	
		(113,665)		(303,972)
Dilution adjustment		668		1,056
Change in net assets attributable to shareholders from investment activities		(32,015)		2,333
Retained distribution on accumulation shares		15,755		20,466
Unclaimed distributions		1		-
Closing net assets attributable to shareholders		362,041		491,297

Aegon High Yield Bond Fund

Balance Sheet as at 31 July 2020

			2020		2019
	Note	£'000	£'000	£'000	£'000
Assets					
Fixed assets:					
Investments			334,352		512,784
Current assets:					
Debtors	8	5,577		11,303	
Cash and bank balances	9	33,092		17,056	
			38,669		28,359
Total assets			373,021		541,143
Liabilities					
Investment liabilities			1,943		12,617
Creditors					
Bank overdrafts	10	2,140		19,629	
Distributions payable		507		694	
Other creditors	11	6,390		16,906	
Total liabilities			10,980		49,846
Net assets attributable to shareholders			362,041		491,297

Aegon High Yield Bond Fund

Notes to the Financial Statements

1 Accounting policies

The sub-fund's financial statements have been prepared on the basis disclosed on pages 12 to 14.

2 Net capital (losses)/gains

Net capital (losses)/gains comprise:

	2020	2019
	£'000	£'000
(Losses)/gains on non-derivative securities	(40,357)	31,593
Gains/(losses) on forward currency contracts	11,209	(24,712)
Currency exchange gains	215	1,086
Gains/(losses) on derivative securities	62	(420)
Transaction charges	(2)	(2)
Net capital (losses)/gains	(28,873)	7,545

3 Revenue

	2020	2019
	£'000	£'000
Interest on debt securities	22,936	31,133
Bank interest	58	218
Derivative revenue	35	405
Total revenue	23,029	31,756

4 Expenses*

	2020	2019
	£'000	£'000
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	2,871	4,888
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary fee	72	115
Other expenses:		
Audit fee**	11	11
FT publishing fee	5	5
KIID fee	-	1
PRIIPs fees	1	4
Professional fees	4	-
Registrar's fee	79	92
Safe custody charge	18	27
	118	140
Total expenses	3,061	5,143

*All expenditure stated above is inclusive of irrecoverable VAT where applicable.

**The audit fee (excluding VAT) incurred during the year was £15,000 (2019: £9,553).

5 Interest payable and similar charges

	2020	2019
	£'000	£'000
Interest	81	69
Interest payable and similar charges	81	69

6 Taxation

a) Analysis of charge in the year

	2020	2019
	£'000	£'000
Current tax:		
Overseas tax suffered	-	-
Total tax charge for the year (see note 6 (b))	-	-

Aegon High Yield Bond Fund

Notes to the Financial Statements (continued)

6 Taxation (continued)

b) Factors affecting tax charge for the year

The tax assessed for the year is lower (2019: lower than) than the standard rate of corporation tax for Open Ended Investment Companies 'OEICs' (20%).

The differences are explained below:

	2020	2019
	£'000	£'000
Net revenue before taxation	19,887	26,544
Corporation tax 20% (2019: 20%)	3,977	5,309
Effects of:		
Tax deductible interest distributions	(3,977)	(5,309)
Total tax charge for the year (see note 6 (a))	-	-

Open Ended Investment Companies are exempt from tax on capital gains. Therefore, any capital return is not included in the above reconciliations.

7 Distributions

a) Distributions

The distributions take account of amounts receivable on the issue of shares and amounts deductible on the cancellation of shares, and comprise:

	2020	2019
	£'000	£'000
Interim distributions	21,048	28,817
Final distribution	1,657	2,329
	22,705	31,146
Add: amounts deductible on cancellation of shares	550	764
Less: amounts receivable on creation of shares	(226)	(154)
Distributions	23,029	31,756

Details of the distributions are set out in the tables on pages 167 to 170.

b) Movement between net revenue and distribution

	2020	2019
	£'000	£'000
Net revenue after taxation	19,887	26,544
Expenses transferred to capital	3,142	5,212
Distributions	23,029	31,756

8 Debtors

	2020	2019
	£'000	£'000
Accrued revenue	4,764	6,328
Amounts receivable for the issue of shares	813	491
Sales awaiting settlement	-	4,484
Debtors	5,577	11,303

9 Cash and bank balances

	2020	2019
	£'000	£'000
Amounts held at futures clearing houses and brokers*	852	15,260
Cash and bank balances	15,750	1,796
Money market deposits	16,490	-
Cash and bank balances	33,092	17,056

*Includes cash pledged as collateral of £ Nil (2019: £15,260,000).

Aegon High Yield Bond Fund

Notes to the Financial Statements (continued)

10 Bank overdrafts

	2020	2019
	£'000	£'000
Amounts held at futures clearing houses and brokers*	2,140	-
Bank overdrafts	-	19,629
Bank overdrafts	2,140	19,629

*Includes cash pledged as collateral of £2,140,000 (2019: £Nil).

11 Other creditors

	2020	2019
	£'000	£'000
Accrued ACD periodic charge	172	340
Accrued other expenses	85	64
Amounts payable for cancellation of shares	1,139	1,384
Purchases awaiting settlement	4,994	15,118
Other creditors	6,390	16,906

12 Related Parties

Related party interests in the sub-fund are disclosed in Note 6 of the Accounting Policies on page 17. Amounts due to the ACD as at year end for the ACD periodic charge and amounts due to the ACD for outstanding cancellations are disclosed in Note 8. Amounts receivable from the ACD as at year end for outstanding issue of shares are disclosed in Note 11. At the year-end 16.25% (2019: 13.18%) of the shares in issue were owned by AEGON Group or AEGON UK companies.

13 Contingent assets, liabilities and commitments

There were no contingent assets, liabilities or commitments present in the sub-fund as at 31 July 2020 (2019: Nil).

14 Financial instruments and risk

The risks associated with the sub-fund are market, concentration, valuation, yield, liquidity, counterparty, and interest rate risk. Narrative disclosures are on pages 15 to 17.

Analysis of investments by credit ratings

	2020		2019	
	Market value	Value of investments	Market value	Value of investments
	£'000	%	£'000	%
Investment grade	14,370	3.97	44,376	9.02
Below investment grade	299,333	82.68	448,081	91.21
Unrated	15,190	4.20	19,713	4.02
Derivatives	3,516	0.97	(12,003)	(2.44)
Portfolio of investments	332,409	91.82	500,167	101.81
Net other assets/(liabilities)	29,632	8.18	(8,870)	(1.81)
Total net assets attributable to shareholders	362,041	100.00	491,297	100.00

Note - Investment grade bonds are defined as bonds with a Standard & Poor's, Moody's or Fitch's rating of BBB-, Baa3 and BBB- or above respectively.

Derivative risk

The sub-fund invests in derivatives, consistent with the investment objective of the sub-fund, as outlined in the derivative risks section on page 17.

VaR Disclosure

The Manager assesses the market risk of the sub-fund's investments, including any derivative exposure, using a value at risk methodology. This process provides the Manager with an estimate of the maximum potential loss that could be expected to occur as a result of changes in market prices over a given period of time in all but a given percentage of circumstances. The value at risk is calculated on a 95.00% (2019: 95.00%) confidence interval with a one month time horizon and a five year history, using the Historical model. The sub-fund has an absolute VaR limit of 14.10% (2019: 14.10%). As at the balance sheet date, the sub-fund's value at risk is 1.96% (2019: 1.13%).

The following table details the lowest, highest and average utilisation of the VaR limit:

	Lowest Utilisation	Highest Utilisation	Average Utilisation
	(%)	(%)	(%)
31 July 2020	0.99	2.72	1.69
31 July 2019	0.97	1.44	1.17

Aegon High Yield Bond Fund

Notes to the Financial Statements (continued)

14 Financial instruments and risk (continued)

Leverage

Average leverage is calculated as the sum of the net asset value and the incremental exposure generated through the use of derivatives (calculated in accordance with the commitment approach (CESR/10-788)) divided by the net asset value. As at 31 July 2020 the average leverage was 114.86% (2019: 96.45%).

Counterparty risk

The risk of entering an arrangement with a counterparty, which is itself subject to financial risks which may affect its ability to trade as a going concern.

The ACD maintains a list of approved counterparties. This list is regularly monitored and revised for changes based on the counterparty's credit-worthiness, market reputation and expectations of future financial performance. Transactions will only be opened with financial intermediaries on the approved counterparties list.

The sub-fund's use of exchange traded derivatives are considered to be free of counterparty risk if the derivative is traded on an exchange where the clearing house is backed by an appropriate performance guarantee and it is characterised by a daily mark-to-market valuation of the derivative position and at least daily margining.

The following details exposure to counterparties obtained through the use of derivatives:

As at 31 July 2020

Counterparty	Credit Default Swaps Exposure £'000	Forward Foreign Exchange Contracts Exposure £'000	Collateral Pledge £'000
Barclays	-	-	1,520
BNP Paribas	-	47	-
Citigroup	-	4,669	(3,660)

As at 31 July 2019

Counterparty	Credit Default Swaps Exposure £'000	Forward Foreign Exchange Contracts Exposure £'000	Collateral Pledge £'000
Citigroup	-	-	9,750
JPMorgan	-	-	5,510

Positive exposure represents the sub-fund's exposure to that counterparty and not the sub-fund's holdings with that counterparty.

15 Portfolio transaction costs

Purchases

31 July 2020	Value £'000	Commissions £'000	%	Other Costs* £'000	%
Debt securities	294,103	-	-	-	-
Total	294,103	-		-	
Total purchases including transaction costs	294,103				
31 July 2019					
Debt securities	220,359	-	-	-	-
Total	220,359	-		-	
Total purchases including transaction costs	220,359				

Sales

31 July 2020	Value £'000	Commissions £'000	%	Other Costs* £'000	%
Debt securities	436,864	-	-	-	-
Total	436,864	-		-	
Total sales net of transaction costs	436,864				
31 July 2019					
Debt securities	466,621	-	-	-	-
Total	466,621	-		-	
Total sales net of transaction costs	466,621				

*Other Costs includes taxes and any other costs other than commissions incurred by the sub-fund when buying and selling an underlying investment.

Aegon High Yield Bond Fund

Notes to the Financial Statements (continued)

15 Portfolio transaction costs (continued)

The purchases and sales are not subject to portfolio transaction costs.

Portfolio transaction costs are incurred by the sub-fund when buying and selling underlying investments. These vary depending on the class of investment, country of exchange and method of execution. These costs can be classified as either direct or indirect transaction costs:

- Direct transaction costs: Broker commissions, fees and taxes.
- Indirect transaction costs: 'Dealing spread' - the difference between the buying and selling prices of the sub-fund's underlying investments.

In order to protect existing investors from the effects of dilution, portfolio transaction costs incurred as a result of investors buying and selling shares in the sub-fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

At the balance sheet date, the portfolio dealing spread was 1.31% (2019: 0.62%), being the difference between the respective bid and offer prices for the sub-fund's investments.

16 Fair value hierarchy

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The fair value hierarchy has the following levels:

Level 1 – Unadjusted quoted price in an active market for an identical instrument.

Level 2 – Valuation techniques using observable inputs other than quoted prices within level 1.

Level 3 – Valuation techniques using unobservable inputs.

Basis of valuation	2020		2019	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
1 - Unadjusted quoted prices	-	-	-	-
2 - Observable market data	334,352	(1,943)	512,784	(12,617)
3 - Unobservable data	-	-	-	-
	334,352	(1,943)	512,784	(12,617)

17 Share classes

The sub-fund currently has three share classes; A (Retail), B (Institutional) and S (Institutional). The ACD's periodic charge on each share class is as follows:

A share class: 1.25%

B share class*: 0.55%

S share class**: 0.45%

*The B share class ACD fee changed from 0.75% to 0.55% on 1 January 2020.

**The S share class ACD fee changed from 0.50% to 0.45% on 1 January 2020.

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative tables on pages 151 to 154. The distribution per share class is given in the distribution tables on pages 167 to 170. All share classes have the same rights on winding up.

Share class movement reconciliation

31 July 2020	Opening	Creations	Cancellations	Converted	Closing
A Accumulation	33,357,821	1,577,171	(11,847,992)	(18,531,510)	4,555,490
A Income	22,994,937	1,226,231	(1,696,076)	(22,247,297)	277,795
B Accumulation	102,017,107	21,745,865	(44,845,927)	5,578,272	84,495,317
B Income	127,797,425	22,055,366	(38,516,699)	(962,931)	110,373,161
D Accumulation*	1,104,482	102,820	(141,952)	(1,065,350)	-
D Income*	2,370,858	65,453	(379,487)	(2,056,824)	-
S Accumulation	938,407	1,325,671	(10,165,264)	9,141,115	1,239,929
S Income	7,028,184	1,814,934	(13,320,262)	14,365,006	9,887,862

*Share classes closed on 3 February 2020.

Aegon High Yield Bond Fund

Notes to the Financial Statements (continued)

18 Post balance sheet events

The table below shows the net asset values per share as at the balance sheet date, compared against values as at 23 November 2020 and the percentage movement in that period:

Net assets per share	31 July 2020	23 November 2020	Movement
A Accumulation	132.29	141.18	6.72%
A Income	47.45	49.90	5.15%
B Accumulation	289.24	309.37	6.96%
B Income	91.49	96.43	5.40%
S Accumulation	106.71	114.18	7.00%
S Income	92.85	97.88	5.42%

Aegon High Yield Bond Fund

Distribution Tables

Share Class A Accumulation

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2018/9 Total Paid
31/08/19	30/09/19	Group 1	0.5856	N/A	0.5856	0.5383
		Group 2	0.3611	0.2245		
30/09/19	31/10/19	Group 1	0.5429	N/A	0.5429	0.5778
		Group 2	0.2776	0.2653		
31/10/19	30/11/19	Group 1	0.5856	N/A	0.5856	0.6145
		Group 2	0.3313	0.2543		
30/11/19	31/12/19	Group 1	0.6088	N/A	0.6088	0.5554
		Group 2	0.2117	0.3971		
31/12/19	31/01/20	Group 1	0.5865	N/A	0.5865	0.5772
		Group 2	0.3686	0.2179		
31/01/20	29/02/20	Group 1	0.6131	N/A	0.6131	0.5187
		Group 2	0.1953	0.4178		
29/02/20	31/03/20	Group 1	0.6480	N/A	0.6480	0.5110
		Group 2	0.3389	0.3091		
31/03/20	30/04/20	Group 1	0.6711	N/A	0.6711	0.5977
		Group 2	0.4631	0.2080		
30/04/20	31/05/20	Group 1	0.6358	N/A	0.6358	0.5575
		Group 2	0.2231	0.4127		
31/05/20	30/06/20	Group 1	0.6263	N/A	0.6263	0.5854
		Group 2	0.4233	0.2030		
30/06/20	31/07/20	Group 1	0.6964	N/A	0.6964	0.5820
		Group 2	0.2803	0.4161		
31/07/20	31/08/20	Group 1	0.6048	N/A	0.6048	0.6365
		Group 2	0.3467	0.2581		

Share Class A Income

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2018/9 Total Paid
31/08/19	30/09/19	Group 1	0.2223	N/A	0.2223	0.2154
		Group 2	0.1382	0.0841		
30/09/19	31/10/19	Group 1	0.2052	N/A	0.2052	0.2305
		Group 2	0.1159	0.0893		
31/10/19	30/11/19	Group 1	0.2204	N/A	0.2204	0.2438
		Group 2	0.0936	0.1268		
30/11/19	31/12/19	Group 1	0.2283	N/A	0.2283	0.2200
		Group 2	0.1019	0.1264		
31/12/19	31/01/20	Group 1	0.2190	N/A	0.2190	0.2269
		Group 2	0.0967	0.1223		
31/01/20	29/02/20	Group 1	0.2278	N/A	0.2278	0.2030
		Group 2	0.0913	0.1365		
29/02/20	31/03/20	Group 1	0.2399	N/A	0.2399	0.1985
		Group 2	0.1349	0.1050		
31/03/20	30/04/20	Group 1	0.2472	N/A	0.2472	0.2321
		Group 2	0.0532	0.1940		
30/04/20	31/05/20	Group 1	0.2301	N/A	0.2301	0.2154
		Group 2	0.1542	0.0759		
31/05/20	30/06/20	Group 1	0.2280	N/A	0.2280	0.2252
		Group 2	0.1734	0.0546		
30/06/20	31/07/20	Group 1	0.2522	N/A	0.2522	0.2230
		Group 2	0.1556	0.0966		
31/07/20	31/08/20	Group 1	0.2126	N/A	0.2126	0.2427
		Group 2	0.1461	0.0665		

All distributions above are in pence per share unless specifically stated.

*Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being a capital repayment, it is not liable to income tax but must be deducted from the cost of the shares for capital gains tax purposes.

Aegon High Yield Bond Fund

Distribution Tables (continued)

Share Class B Accumulation

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2018/9 Total Paid
31/08/19	30/09/19	Group 1	1.2731	N/A	1.2731	1.1643
		Group 2	0.4876	0.7855		
30/09/19	31/10/19	Group 1	1.1804	N/A	1.1804	1.2504
		Group 2	0.6559	0.5245		
31/10/19	30/11/19	Group 1	1.2743	N/A	1.2743	1.3304
		Group 2	0.4906	0.7837		
30/11/19	31/12/19	Group 1	1.3256	N/A	1.3256	1.2029
		Group 2	0.7157	0.6099		
31/12/19	31/01/20	Group 1	1.2774	N/A	1.2774	1.2506
		Group 2	0.7190	0.5584		
31/01/20	29/02/20	Group 1	1.3344	N/A	1.3344	1.1242
		Group 2	0.4116	0.9228		
29/02/20	31/03/20	Group 1	1.4128	N/A	1.4128	1.1045
		Group 2	0.7189	0.6939		
31/03/20	30/04/20	Group 1	1.4630	N/A	1.4630	1.2965
		Group 2	0.4507	1.0123		
30/04/20	31/05/20	Group 1	1.3603	N/A	1.3603	1.2098
		Group 2	0.7523	0.6080		
31/05/20	30/06/20	Group 1	1.3670	N/A	1.3670	1.2708
		Group 2	0.5815	0.7855		
30/06/20	31/07/20	Group 1	1.5214	N/A	1.5214	1.2639
		Group 2	0.9926	0.5288		
31/07/20	31/08/20	Group 1	1.3213	N/A	1.3213	1.3831
		Group 2	0.7035	0.6178		

Share Class B Income

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2018/9 Total Paid
31/08/19	30/09/19	Group 1	0.4261	N/A	0.4261	0.4110
		Group 2	0.2383	0.1878		
30/09/19	31/10/19	Group 1	0.3935	N/A	0.3935	0.4397
		Group 2	0.2275	0.1660		
31/10/19	30/11/19	Group 1	0.4230	N/A	0.4230	0.4661
		Group 2	0.2275	0.1955		
30/11/19	31/12/19	Group 1	0.4382	N/A	0.4382	0.4189
		Group 2	0.2280	0.2102		
31/12/19	31/01/20	Group 1	0.4204	N/A	0.4204	0.4342
		Group 2	0.2298	0.1906		
31/01/20	29/02/20	Group 1	0.4378	N/A	0.4378	0.3879
		Group 2	0.1757	0.2621		
29/02/20	31/03/20	Group 1	0.4611	N/A	0.4611	0.3796
		Group 2	0.3033	0.1578		
31/03/20	30/04/20	Group 1	0.4755	N/A	0.4755	0.4439
		Group 2	0.2332	0.2423		
30/04/20	31/05/20	Group 1	0.4393	N/A	0.4393	0.4122
		Group 2	0.1847	0.2546		
31/05/20	30/06/20	Group 1	0.4391	N/A	0.4391	0.4312
		Group 2	0.2023	0.2368		
30/06/20	31/07/20	Group 1	0.4861	N/A	0.4861	0.4272
		Group 2	0.2622	0.2239		
31/07/20	31/08/20	Group 1	0.4205	N/A	0.4205	0.4652
		Group 2	0.2187	0.2018		

All distributions above are in pence per share unless specifically stated.

*Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being a capital repayment, it is not liable to income tax but must be deducted from the cost of the shares for capital gains tax purposes.

Aegon High Yield Bond Fund

Distribution Tables (continued)

Share Class D Accumulation**

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2018/9 Total Paid
31/08/19	30/09/19	Group 1	0.5686	N/A		
		Group 2	0.3337	0.2349	0.5686	0.5213
30/09/19	31/10/19	Group 1	0.5271	N/A		
		Group 2	0.1273	0.3998	0.5271	0.5597
31/10/19	30/11/19	Group 1	0.5687	N/A		
		Group 2	0.3411	0.2276	0.5687	0.5954
30/11/19	31/12/19	Group 1	0.5917	N/A		
		Group 2	0.2061	0.3856	0.5917	0.5383
31/12/19	31/01/20	Group 1	0.5699	N/A		
		Group 2	0.1307	0.4392	0.5699	0.5595
31/01/20	29/02/20	Group 1	0.5956	N/A		
		Group 2	0.2287	0.3669	0.5956	0.5028
29/02/20	31/03/20	Group 1	-	-	-	0.4940
		Group 2				
31/03/20	30/04/20	Group 1	-	-	-	0.5796
		Group 2				
30/04/20	31/05/20	Group 1	-	-	-	0.5408
		Group 2				
31/05/20	30/06/20	Group 1	-	-	-	0.5678
		Group 2				
30/06/20	31/07/20	Group 1	-	-	-	0.5646
		Group 2				
31/07/20	31/08/20	Group 1	-	-	-	0.6174
		Group 2				

Share Class D Income**

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2018/9 Total Paid
31/08/19	30/09/19	Group 1	0.4158	N/A		
		Group 2	0.0849	0.3309	0.4158	0.4020
30/09/19	31/10/19	Group 1	0.3840	N/A		
		Group 2	0.2976	0.0864	0.3840	0.4300
31/10/19	30/11/19	Group 1	0.4124	N/A		
		Group 2	0.3267	0.0857	0.4124	0.4550
30/11/19	31/12/19	Group 1	0.4273	N/A		
		Group 2	0.1358	0.2915	0.4273	0.4095
31/12/19	31/01/20	Group 1	0.4099	N/A		
		Group 2	0.2712	0.1387	0.4099	0.4241
31/01/20	29/02/20	Group 1	0.4271	N/A		
		Group 2	0.3085	0.1186	0.4271	0.3792
29/02/20	31/03/20	Group 1	-	-	-	0.3708
		Group 2				
31/03/20	30/04/20	Group 1	-	-	-	0.4336
		Group 2				
30/04/20	31/05/20	Group 1	-	-	-	0.4026
		Group 2				
31/05/20	30/06/20	Group 1	-	-	-	0.4210
		Group 2				
30/06/20	31/07/20	Group 1	-	-	-	0.4169
		Group 2				
31/07/20	31/08/20	Group 1	-	-	-	0.4540
		Group 2				

All distributions above are in pence per share unless specifically stated.

*Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being a capital repayment, it is not liable to income tax but must be deducted from the cost of the shares for capital gains tax purposes.

**Share classes closed on 3 February 2020.

Aegon High Yield Bond Fund

Distribution Tables (continued)

Share Class S Accumulation

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2018/9 Total Paid
31/08/19	30/09/19	Group 1	0.4690	N/A	0.4690	0.4279
		Group 2	0.1895	0.2795		
30/09/19	31/10/19	Group 1	0.4350	N/A	0.4350	0.4595
		Group 2	0.1691	0.2659		
31/10/19	30/11/19	Group 1	0.4691	N/A	0.4691	0.4889
		Group 2	0.1848	0.2843		
30/11/19	31/12/19	Group 1	0.4886	N/A	0.4886	0.4421
		Group 2	0.2707	0.2179		
31/12/19	31/01/20	Group 1	0.4710	N/A	0.4710	0.4599
		Group 2	0.1883	0.2827		
31/01/20	29/02/20	Group 1	0.4926	N/A	0.4926	0.4136
		Group 2	0.2038	0.2888		
29/02/20	31/03/20	Group 1	0.5184	N/A	0.5184	0.4064
		Group 2	0.3288	0.1896		
31/03/20	30/04/20	Group 1	0.5380	N/A	0.5380	0.4765
		Group 2	0.2957	0.2423		
30/04/20	31/05/20	Group 1	0.5019	N/A	0.5019	0.4448
		Group 2	0.3478	0.1541		
31/05/20	30/06/20	Group 1	0.5042	N/A	0.5042	0.4678
		Group 2	0.3813	0.1229		
30/06/20	31/07/20	Group 1	0.5695	N/A	0.5695	0.4660
		Group 2	0.2132	0.3563		
31/07/20	31/08/20	Group 1	0.4877	N/A	0.4877	0.5123
		Group 2	0.3036	0.1841		

Share Class S Income

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2018/9 Total Paid
31/08/19	30/09/19	Group 1	0.4318	N/A	0.4318	0.4153
		Group 2	0.2395	0.1923		
30/09/19	31/10/19	Group 1	0.3989	N/A	0.3989	0.4445
		Group 2	0.2860	0.1129		
31/10/19	30/11/19	Group 1	0.4284	N/A	0.4284	0.4697
		Group 2	0.3333	0.0951		
30/11/19	31/12/19	Group 1	0.4444	N/A	0.4444	0.4236
		Group 2	0.2675	0.1769		
31/12/19	31/01/20	Group 1	0.4263	N/A	0.4263	0.4385
		Group 2	0.2917	0.1346		
31/01/20	29/02/20	Group 1	0.4469	N/A	0.4469	0.3945
		Group 2	0.0535	0.3934		
29/02/20	31/03/20	Group 1	0.4675	N/A	0.4675	0.3838
		Group 2	0.2979	0.1696		
31/03/20	30/04/20	Group 1	0.4614	N/A	0.4614	0.4494
		Group 2	0.0735	0.3879		
30/04/20	31/05/20	Group 1	0.4456	N/A	0.4456	0.4174
		Group 2	0.2324	0.2132		
31/05/20	30/06/20	Group 1	0.4453	N/A	0.4453	0.4366
		Group 2	0.2835	0.1618		
30/06/20	31/07/20	Group 1	0.4932	N/A	0.4932	0.4326
		Group 2	0.3732	0.1200		
31/07/20	31/08/20	Group 1	0.4263	N/A	0.4263	0.4711
		Group 2	0.2011	0.2252		

All distributions above are in pence per share unless specifically stated.

*Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being a capital repayment, it is not liable to income tax but must be deducted from the cost of the shares for capital gains tax purposes.

Aegon Investment Grade Bond Fund

Fund objective*

The investment objective is to provide a combination of income and capital growth over any 7 year period. At least 80% of the sub-fund will be invested in a portfolio of investment grade corporate bonds issued anywhere in the world in any currency. The sub-fund may also invest in other transferable securities (including high yield corporate bonds), government and public securities, collective investment schemes, money market instruments, deposits and cash and near cash. Derivative instruments and forward transactions may be used for investment purposes or for efficient portfolio management

Risk profile

The sub-fund is designed for retail and institutional investors seeking pooled exposure to the investment grade bond market and who are comfortable with a medium level of investment risk. In most cases, we expect the sub-fund to be held as part of a diversified portfolio which may include other assets such as bonds, equities, property and cash. While investors will normally be able to liquidate their holdings on a daily basis, unit prices will fluctuate and may fall significantly in value. Consequently, it is important to understand that the sub-fund should be viewed as a longer-term investment.

The sub-fund is actively managed and exposed to a range of risks, which are listed and defined in the Aegon Asset Management UK ICVC Prospectus. The most material risks from this list also appear in our Key Investor Information documents (KIID) where they are summarised in an easy-to-read format. You can find both of these documents on our website at www.aegonam.com.

Performance**

The Aegon Investment Grade Bond Fund returned 6.46% compared with the peer group median return of 5.96%. The peer group is the Investment Association Sterling Corporate Bond sector.

Strategy review***

Bond markets performed strongly over the year under review, although it was without doubt an extremely volatile 12 months. The year was marked by the onset of the coronavirus pandemic during the first half of 2020 as well as the support provided by central banks and governments, which was visible throughout the year. This support helped both government and corporate bond markets, with the latter outperforming the former.

We began the year with a marginally short duration position (a measure of interest rate risk) although we continued to actively adjust the level of this position as the year progressed. At the same time, we focused on disciplined issue selection as a means of adding value to the sub-fund. We assessed both the primary and secondary markets for attractively priced opportunities, both within the sterling market and across the dollar and euro markets.

Towards the end of 2019 encouraging economic data, coupled with easing geopolitical concerns and an ongoing low interest rate backdrop, boosted markets. This environment benefited our positioning with duration management and regional credit allocation adding value. While we took advantage of the accommodative backdrop, we reduced the sub-funds overall credit risk as we moved into 2020 as valuations became less attractive on a short-term basis.

The transition to a more defensive stance helped the sub-fund hold-up reasonably well as the Covid-19-driven sell-off began. The sub-fund was not immune, however, as the pace of the sell-off picked up and government bond yields were pushed downward.

However, with central banks and governments demonstrating their willingness to support economies, we again sought opportunities to increase the level of credit risk within the sub-fund, particularly though the primary market. Our efforts predominantly focused on long-term well capitalised names, with State Street, Kimberly Clark and Credit Suisse being notable examples that we participated in. Within the financials arena, Direct Line Insurance and Rothesay Life were also notable additions, while we also invested in new (green) issuance from Severn Trent Utilities, Southern Water and Pearson. Avoiding the more structurally challenged names and sectors which are most reliant on consumer confidence also added value.

The sub-fund's duration was generally run between 7.5 and 8 years and therefore exerted little influence on performance. Therefore as we approached the end of the year we continued to focus on stock selection as the principal source of adding value.

Outlook

The ongoing challenging economic backdrop continues to cause concern, as will another round of cliff-edge Brexit negotiations. In this environment we expect central banks to continue offering support to economies which, in turn, is positive for fixed income markets.

*Please note that the sub-fund's objective has been updated effective 7 September 2020. The latest update can found in the sub-fund's prospectus at www.aegonam.com.

**Source: Lipper, % growth, income re-invested at pay date, NAV-NAV, GBP, net of Basic Rate Tax. Index returns are gross of Basic Rate Tax. Investors are invited to compare the sub-fund's performance against the performance of other funds within the Investment Association Sterling Corporate Bond Sector. Comparison of the sub-fund against this Sector will give investors an indication of how the sub-fund is performing compared with funds investing in a similar but not identical investment universe. This comparison should be performed over at least a 7 year period to provide the most useful long term comparison.

***General references to markets and indices are to be considered as general market commentary only and (i) are not to be considered as a comparison of sub-fund performance against a benchmark (unless otherwise disclosed as such); and (ii) the index or indices do not operate as a performance target and the sub-fund's portfolio is not constrained by the index or indices.

Aegon Investment Grade Bond Fund

Material portfolio changes

Top ten purchases	31 July 2020	Top ten sales	31 July 2020
	£'000		£'000
HSBC 5.375% 22/08/2033	7,934	KFW 1.25% 29/12/2023	15,251
Boeing 5.93% 01/05/2060	7,928	European Investment Bank 5.375% 07/06/2021	10,560
Verizon Communications 1.875% 19/09/2030	7,831	KFW 5.75% 07/06/2032	10,121
United Kingdom Gilt 1.75% 22/07/2057	7,829	KFW 0.875% 15/03/2022	10,020
GlaxoSmithKline Capital 1.625% 12/05/2035	7,461	European Investment Bank 0.875% 15/03/2021	10,013
Electricite de France 5.5% 17/10/2041	7,277	European Investment Bank 2.5% 31/10/2022	9,462
Reseau de Transport d'Electricite 1.125% 09/09/2049	7,005	Orange 8.125% 20/11/2028	9,186
Starbucks 2.55% 15/11/2030	5,700	Canary Wharf Finance II 6.8% 22/04/2030	9,144
Siemens Financier 1% 20/02/2025	5,490	Transport for London 4% 07/04/2064	9,072
DNB Bank 1.375% 12/03/2023	5,294	Becton Dickinson 3.02% 24/05/2025	8,486

Aegon Investment Grade Bond Fund

Comparative Tables

A Accumulation shares	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	187.00	176.70	176.53
Return before operating charges*	12.66	12.57	2.44
Operating charges	(2.42)	(2.27)	(2.27)
Return after operating charges*	10.24	10.30	0.17
Distributions	(3.31)	(3.52)	(3.85)
Retained distributions on accumulation shares	3.31	3.52	3.85
Closing net asset value per share	197.24	187.00	176.70
 *after direct transaction costs of	-	-	-
Performance			
Return after charges	5.48%	5.83%	0.10%
Other information			
Closing net asset value (£'000)	3,736	86,800	158,997
Closing number of shares	1,893,837	46,416,663	89,978,966
Operating charges	1.28%	1.28%	1.27%
Direct transaction costs	-	-	-
Prices			
Highest share price	197.47	186.94	182.25
Lowest share price	171.66	173.38	176.67

A Income shares	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	125.68	121.11	123.63
Return before operating charges*	8.44	8.51	1.73
Operating charges	(1.62)	(1.55)	(1.58)
Return after operating charges*	6.82	6.96	0.15
Distributions	(2.20)	(2.39)	(2.67)
Retained distributions on accumulation shares	-	-	-
Closing net asset value per share	130.30	125.68	121.11
 *after direct transaction costs of	-	-	-
Performance			
Return after charges	5.43%	5.75%	0.12%
Other information			
Closing net asset value (£'000)	1	16,688	19,081
Closing number of shares	607	13,278,085	15,755,081
Operating charges	1.28%	1.28%	1.27%
Direct transaction costs	-	-	-
Prices			
Highest share price	130.98	126.23	126.92
Lowest share price	114.38	118.20	122.23

Highest and Lowest share prices are based on official published daily NAVs priced at 12 noon on the last business day of the year. The closing net asset value per share is at close of business.

Aegon Investment Grade Bond Fund

Comparative Tables (continued)

B Accumulation shares	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	197.97	186.13	185.02
Return before operating charges*	13.49	13.30	2.56
Operating charges	(1.30)	(1.46)	(1.45)
Return after operating charges*	12.19	11.84	1.11
Distributions	(4.81)	(4.66)	(4.98)
Retained distributions on accumulation shares	4.81	4.66	4.98
Closing net asset value per share	210.16	197.97	186.13
 *after direct transaction costs of	-	-	-
Performance			
Return after charges	6.16%	6.36%	0.60%
Other information			
Closing net asset value (£'000)	338,377	417,446	622,318
Closing number of shares	161,009,583	210,868,231	334,343,964
Operating charges	0.53%	0.78%	0.77%
Direct transaction costs	-	-	-
Prices			
Highest share price	210.40	197.89	191.43
Lowest share price	182.40	182.94	185.67

B Income shares	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	125.79	121.21	123.74
Return before operating charges*	8.50	8.52	1.73
Operating charges	(0.82)	(0.94)	(0.96)
Return after operating charges*	7.68	7.58	0.77
Distributions	(3.03)	(3.00)	(3.30)
Retained distributions on accumulation shares	-	-	-
Closing net asset value per share	130.44	125.79	121.21
 *after direct transaction costs of	-	-	-
Performance			
Return after charges	6.11%	6.25%	0.62%
Other information			
Closing net asset value (£'000)	67,952	79,462	481,598
Closing number of shares	52,095,631	63,169,573	397,321,508
Operating charges	0.53%	0.78%	0.77%
Direct transaction costs	-	-	-
Prices			
Highest share price	131.36	126.50	127.15
Lowest share price	114.60	118.36	122.41

Highest and Lowest share prices are based on official published daily NAVs priced at 12 noon on the last business day of the year. The closing net asset value per share is at close of business.

Aegon Investment Grade Bond Fund

Comparative Tables (continued)

D Accumulation shares**	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	137.66	129.76	129.30
Return before operating charges*	6.79	9.24	1.80
Operating charges	(0.76)	(1.34)	(1.34)
Return after operating charges*	6.03	7.90	0.46
Distributions	(1.38)	(2.91)	(3.15)
Retained distributions on accumulation shares	1.38	2.91	3.15
Redemption value	(143.69)	-	-
Closing net asset value per share	-	137.66	129.76
 *after direct transaction costs of	-	-	-
Performance			
Return after charges	4.38%	6.09%	0.36%
Other information			
Closing net asset value (£'000)	-	3,529	4,159
Closing number of shares	-	2,563,629	3,205,036
Operating charges	-	1.03%	1.02%
Direct transaction costs	-	-	-
Prices			
Highest share price	143.50	137.61	133.64
Lowest share price	137.70	127.42	129.58

D Income shares**	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	116.03	111.81	114.14
Return before operating charges*	5.70	7.86	1.59
Operating charges	(0.64)	(1.15)	(1.17)
Return after operating charges*	5.06	6.71	0.42
Distributions	(1.16)	(2.49)	(2.75)
Retained distributions on accumulation shares	-	-	-
Redemption value	(119.93)	-	-
Closing net asset value per share	-	116.03	111.81
 *after direct transaction costs of	-	-	-
Performance			
Return after charges	4.36%	6.00%	0.37%
Other information			
Closing net asset value (£'000)	-	707	817
Closing number of shares	-	609,275	731,049
Operating charges	-	1.03%	1.02%
Direct transaction costs	-	-	-
Prices			
Highest share price	120.40	116.61	117.23
Lowest share price	115.82	109.15	112.88

Highest and Lowest share prices are based on official published daily NAVs priced at 12 noon on the last business day of the year. The closing net asset value per share is at close of business.

**Share classes closed on 3 February 2020.

Aegon Investment Grade Bond Fund

Comparative Tables (continued)

S Accumulation shares***	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	104.63	98.13	100.00
Return before operating charges*	7.14	7.03	(1.53)
Operating charges	(0.52)	(0.53)	(0.34)
Return after operating charges*	6.62	6.50	(1.87)
Distributions	(2.72)	(2.71)	(1.71)
Retained distributions on accumulation shares	2.72	2.71	1.71
Closing net asset value per share	111.25	104.63	98.13
 *after direct transaction costs of	-	-	-
Performance			
Return after charges	6.33%	6.62%	(1.87)%
Other information			
Closing net asset value (£'000)	15,875	38,605	19,236
Closing number of shares	14,269,774	36,897,981	19,603,337
Operating charges	0.43%	0.53%	0.52%
Direct transaction costs	-	-	-
Prices			
Highest share price	111.38	104.59	100.80
Lowest share price	102.00	96.53	97.79

S Income shares***	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	100.08	96.44	100.00
Return before operating charges*	6.78	6.78	(1.52)
Operating charges	(0.50)	(0.51)	(0.34)
Return after operating charges*	6.28	6.27	(1.86)
Distributions	(2.58)	(2.63)	(1.70)
Retained distributions on accumulation shares	-	-	-
Closing net asset value per share	103.78	100.08	96.44
 *after direct transaction costs of	-	-	-
Performance			
Return after charges	6.27%	6.50%	(1.86)%
Other information			
Closing net asset value (£'000)	34,334	103,012	180,811
Closing number of shares	33,083,869	102,928,214	187,494,153
Operating charges	0.43%	0.53%	0.52%
Direct transaction costs	-	-	-
Prices			
Highest share price	104.54	100.70	100.80
Lowest share price	96.37	94.19	97.41

Highest and Lowest share prices are based on official published daily NAVs priced at 12 noon on the last business day of the year. The closing net asset value per share is at close of business.

***Share classes launched on 19 December 2017.

Aegon Investment Grade Bond Fund

Portfolio Statement

The sub-fund's investments as at 31 July 2020

Holding	Investment	Market valuation £'000	Total net assets %
Euro Denominated Bonds 13.00% (31 July 2019 3.72%)			
Asset Backed Security 0.40% (31 July 2019 0.26%)			
2,000,000	Channel Link Enterprises Finance 2.706% 30/06/2050	1,855	0.40
		1,855	0.40
Corporate Bonds 12.60% (31 July 2019 3.46%)			
3,400,000	Bankia 6.375% Perpetual	2,921	0.63
2,300,000	BP Capital Markets 3.625% Perpetual	2,118	0.46
2,100,000	Commerzbank 4% 05/12/2030	1,912	0.42
1,600,000	Commerzbank 6.125% Perpetual	1,364	0.30
1,700,000	Credit Suisse 3.25% 02/04/2026	1,708	0.37
2,200,000	Erste 5.125% Perpetual	1,897	0.41
1,800,000	Eurogrid 1.113% 15/05/2032	1,734	0.38
3,400,000	FCC Servicios Medio Ambiente Holding 1.661% 12/04/2026	3,089	0.67
4,200,000	Fresenius Medical Care US Finance 1.5% 29/05/2030	3,959	0.86
3,900,000	JPMorgan Chase 1.047% 11/04/2032	3,619	0.79
3,300,000	Kojamo 1.875% 27/05/2027	3,118	0.68
1,800,000	Logicor Financing 1.5% 13/07/2026	1,631	0.35
1,000,000	Prologis International Funding 1.625% 17/06/2032	957	0.21
2,600,000	Repsol International Finance 4.247% Perpetual	2,376	0.52
3,100,000	Schlumberger Finance 2% 06/05/2032	3,055	0.66
2,300,000	Standard Chartered 2.5% 09/09/2030	2,115	0.46
3,800,000	Takeda Pharmaceutical 3% 21/11/2030	4,114	0.89
4,600,000	UniCredit 2.731% 15/01/2032	3,891	0.85
1,900,000	Upjohn Finance 1.362% 23/06/2027	1,764	0.38
3,000,000	Volkswagen International Finance 3.875% Perpetual	2,667	0.58
4,200,000	Vonovia Finance 1% 09/07/2030	3,805	0.83
4,400,000	Wells Fargo 1.741% 04/05/2030	4,166	0.90
		57,980	12.60
Sterling Denominated Bond 72.46% (31 July 2019 87.27%)			
Asset Backed Security 9.03% (31 July 2019 12.29%)			
4,000,000	Arqiva Financing 4.882% 31/12/2032	3,820	0.83
9,000,000	Bishopsgate Asset Finance 4.808% 14/08/2044*	8,067	1.75
3,000,000	Canary Wharf Finance II 6.8% 22/04/2030	2,126	0.46
2,700,000	Dignity Finance 4.6956% 31/12/2049*	2,107	0.46
3,300,000	Income Contingent Student Loans 2 2007-2009 2.5% 24/07/2058	2,897	0.63
4,700,000	Longstone Finance 4.791% 19/04/2030	2,885	0.63
1,505,000	Meadowhall Finance 4.986% 12/01/2032	1,231	0.27
6,800,000	Mitchells & Butlers Finance 5.574% 15/12/2030	2,750	0.60
9,300,000	Telereal Secured Finance 4.01% 10/12/2031	7,224	1.57
5,100,000	Telereal Securitisation 5.9478% 10/12/2031	4,408	0.96
3,600,000	Tesco Property Finance No.2 6.0517% 13/10/2039	4,030	0.87
		41,545	9.03
Corporate Bonds 60.62% (31 July 2019 69.51%)			
3,000,000	AMP Group Finance Services 6.875% 23/08/2022*	3,184	0.69
6,000,000	Anglian Water Services Financing 2.625% 15/06/2027	6,047	1.31
4,800,000	Anglian Water Services Financing 4.5% 22/02/2026	5,310	1.15
3,700,000	APT Pipelines 3.5% 22/03/2030	4,183	0.91
1,300,000	Arqiva Financing 5.34% 30/06/2030	1,634	0.36
1,500,000	AT&T 4.25% 01/06/2043	1,907	0.41
1,000,000	AT&T 5.2% 18/11/2033	1,363	0.30

Aegon Investment Grade Bond Fund

Portfolio Statement (continued)

Holding	Investment	Market valuation £'000	Total net assets %
Corporate Bonds (continued)			
2,000,000	AXA 5.453% Perpetual	2,248	0.49
3,500,000	Bank of America 8.125% 02/06/2028	4,994	1.08
3,000,000	Bazalgette Finance 2.375% 29/11/2027	3,247	0.71
4,100,000	Berkshire Hathaway Finance 2.375% 19/06/2039	4,742	1.03
2,400,000	BP Capital Markets 4.25% Perpetual	2,478	0.54
2,800,000	BUPA Finance 4.125% 14/06/2035	2,968	0.64
4,000,000	BUPA Finance 5% 08/12/2026	4,505	0.98
6,000,000	Cadent Finance 2.625% 22/09/2038	6,783	1.47
1,855,000	Channel Link Enterprises Finance 3.043% 30/06/2050	1,916	0.42
4,800,000	Citigroup 1.75% 23/10/2026	4,940	1.07
2,700,000	Comcast 1.5% 20/02/2029	2,793	0.61
3,195,000	Cooperatieve Rabobank 6.91% Perpetual	5,120	1.11
4,800,000	Credit Suisse 2.25% 09/06/2028	4,918	1.07
4,400,000	Danske Bank 2.25% 14/01/2028	4,459	0.97
800,000	Direct Line Insurance 4% 05/06/2032	861	0.19
2,500,000	DS Smith 2.875% 26/07/2029	2,547	0.55
4,500,000	DWR Cymru Financing UK 1.375% 31/03/2033	4,593	1.00
3,600,000	DWR Cymru Financing UK 1.625% 31/03/2026	3,630	0.79
4,000,000	E.ON International Finance 5.875% 30/10/2037	6,361	1.38
2,000,000	E.ON International Finance 6.375% 07/06/2032	3,033	0.66
3,200,000	Esure 6.75% 19/12/2024	3,304	0.72
2,500,000	Fidelity National Information Services 3.36% 21/05/2031	2,930	0.64
4,000,000	FirstGroup 6.875% 18/09/2024	4,332	0.94
5,000,000	GlaxoSmithKline Capital 1.625% 12/05/2035	5,210	1.13
1,800,000	Grainger 3% 03/07/2030	1,864	0.41
3,700,000	HBOS Sterling Finance Jersey 7.881% Perpetual	5,676	1.23
2,000,000	Imperial Brands Finance 5.5% 28/09/2026	2,422	0.53
2,500,000	Intesa Sanpaolo 2.5% 15/01/2030	2,479	0.54
3,000,000	Investec 4.25% 24/07/2028	2,936	0.64
3,500,000	Juneau Investments 5.9% 22/02/2021	3,552	0.77
3,500,000	KFW 5.75% 07/06/2032	5,583	1.21
4,000,000	Legal & General 3.75% 26/11/2049	4,087	0.89
2,700,000	Legal & General 5.125% 14/11/2048	3,055	0.66
4,900,000	Logicor 1.875% 17/11/2026	5,010	1.09
2,000,000	Metropolitan Life Global Funding I 1.625% 21/09/2029	2,090	0.45
2,400,000	MPT Operating Partnership 3.692% 06/05/2028	2,409	0.52
4,300,000	National Express 2.5% 11/11/2023	4,327	0.94
2,500,000	National Grid Electricity Transmission 2% 17/04/2040	2,703	0.59
2,400,000	National Grid Electricity Transmission 2.75% 06/02/2035	2,852	0.62
2,800,000	National Grid Gas 1.375% 02/07/2031	2,885	0.63
3,000,000	NatWest 3.622% 14/08/2030	3,153	0.69
2,200,000	New York Life Global Funding 1.25% 17/12/2026	2,268	0.49
3,000,000	NIE Finance 2.5% 27/10/2025	3,234	0.70
3,400,000	Orsted 2.5% 16/05/2033	3,929	0.85
1,700,000	Pension Insurance 8% 23/11/2026	2,203	0.48
3,400,000	Phoenix 6.625% 18/12/2025	3,997	0.87
1,600,000	Platform HG Financing 1.625% 10/08/2055	1,583	0.34
4,500,000	Prudential 5.56% 20/07/2055	5,000	1.09
2,000,000	Prudential 6.25% 20/10/2068	2,399	0.52
3,600,000	Quadgas Finance 3.375% 17/09/2026	3,825	0.83
2,800,000	RAC 4.87% 06/05/2026	2,784	0.60
2,200,000	Rothesay Life 3.375% 07/12/2029	2,236	0.49
2,600,000	Sainsbury's Bank 6% 23/11/2027	2,632	0.57
1,600,000	Sanctuary Capital 2.375% 14/04/2050	1,881	0.41
4,500,000	Santander UK 2.92% 08/05/2026	4,748	1.03
2,600,000	Scottish Hydro Electric Transmission 2.25% 27/09/2035	2,873	0.62
1,600,000	Severn Trent Utilities Finance 2% 02/06/2040	1,719	0.37
4,000,000	Severn Trent Utilities Finance 2.75% 05/12/2031	4,707	1.02
3,000,000	Southern Gas Networks 2.5% 03/02/2025	3,217	0.70
3,000,000	SSE 6.25% 27/08/2038	5,052	1.10

Aegon Investment Grade Bond Fund

Portfolio Statement (continued)

Holding	Investment	Market valuation £'000	Total net assets %
Corporate Bonds (continued)			
2,000,000	Thames Water Utilities Finance 2.375% 22/04/2040	2,112	0.46
2,000,000	Thames Water Utilities Finance 2.625% 24/01/2032	2,195	0.48
3,000,000	Thames Water Utilities Finance 2.875% 05/03/2027	3,007	0.65
2,500,000	UBS Jersey 8.75% 18/12/2025	3,270	0.71
3,000,000	Unite 3.5% 15/10/2028	3,123	0.68
3,400,000	United Utilities Water Finance 1.75% 10/02/2038	3,549	0.77
3,900,000	Verizon Communications 1.875% 19/09/2030	4,126	0.90
3,600,000	Virgin Money UK 7.875% 14/12/2028	3,808	0.83
8,000,000	Western Power Distribution 3.5% 16/10/2026	8,807	1.91
4,100,000	Wm Morrison Supermarkets 2.5% 10/01/2031	4,414	0.96
6,500,000	Yorkshire Water Finance 3.75% 22/03/2046	6,698	1.46
		279,019	60.62
Government Bonds 2.81% (31 July 2019 5.47%)			
5,000,000	European Investment Bank 2.5% 31/10/2022	5,266	1.15
5,500,000	United Kingdom Gilt 1.75% 22/07/2057	7,656	1.66
		12,922	2.81
United States Dollar Denominated Bonds 9.20% (31 July 2019 7.29%)			
Corporate Bonds 9.20% (31 July 2019 7.29%)			
2,200,000	AerCap Ireland Capital 6.5% 15/07/2025	1,790	0.39
800,000	APT Pipelines 4.25% 15/07/2027	689	0.15
3,000,000	Aviation Capital 5.5% 15/12/2024	2,336	0.51
3,500,000	AXA 6.379% Perpetual	3,506	0.76
2,300,000	AXA 8.6% 15/12/2030	2,611	0.57
3,000,000	Barclays 6.278% Perpetual	2,496	0.54
1,800,000	BP Capital Markets 3.279% 19/09/2027	1,549	0.34
4,000,000	Commerzbank 8.125% 19/09/2023	3,498	0.76
5,000,000	Electricite de France 4.5% 12/04/2069	4,366	0.95
2,000,000	Health Care Service 3.2% 01/06/2050	1,677	0.36
1,400,000	HSBC 4.95% 31/03/2030	1,307	0.28
3,638,000	JPMorgan Chase 3.73825% Perpetual	2,655	0.58
4,000,000	McDonald's 3.5% 01/03/2027	3,486	0.76
1,989,000	Metropolitan Life Global Funding I 2.95% 09/04/2030	1,738	0.38
1,700,000	Prudential 3.125% 14/04/2030	1,435	0.31
1,600,000	Standard Chartered 4.644% 01/04/2031	1,414	0.31
2,500,000	Starbucks 2.55% 15/11/2030	2,041	0.44
2,000,000	Swiss Re Finance Luxembourg 4.25% Perpetual	1,529	0.33
2,000,000	Takeda Pharmaceutical 5% 26/11/2028	1,910	0.41
400,000	UniCredit 5.861% 19/06/2032	326	0.07
		42,359	9.20
Derivatives and Futures Contracts 0.09% (31 July 2019 (0.06)%)			
Forward Foreign Exchange Contracts 0.18% (31 July 2019 (0.29)%)			
	Bought EUR 2,000,000 Sold GBP 1,804,923 10/09/2020	(2)	-
	Bought GBP 1,920,709 Sold EUR 2,100,000 10/09/2020	27	0.01
	Bought GBP 1,817,600 Sold EUR 2,000,000 10/09/2020	15	-
	Bought GBP 2,899,232 Sold EUR 3,200,000 10/09/2020	14	-
	Bought GBP 2,895,875 Sold EUR 3,200,000 10/09/2020	11	-
	Bought GBP 1,264,462 Sold EUR 1,400,000 10/09/2020	2	-
	Bought GBP 1,438,136 Sold EUR 1,600,000 10/09/2020	(4)	-
	Bought GBP 2,244,974 Sold EUR 2,500,000 10/09/2020	(9)	-
	Bought GBP 1,970,980 Sold EUR 2,200,000 10/09/2020	(12)	-
	Bought GBP 4,848,795 Sold EUR 5,400,000 10/09/2020	(20)	-
	Bought GBP 2,227,747 Sold EUR 2,500,000 10/09/2020	(26)	(0.01)
	Bought GBP 42,049,996 Sold EUR 47,050,000 10/09/2020	(368)	(0.08)
	Bought GBP 52,820,637 Sold USD 67,100,000 10/09/2020	1,709	0.37
	Bought GBP 2,479,607 Sold USD 3,100,000 10/09/2020	118	0.02

Aegon Investment Grade Bond Fund

Portfolio Statement (continued)

Holding	Investment	Market valuation £'000	Total net assets %
Forward Foreign Exchange Contracts (continued)			
	Bought GBP 1,174,972 Sold USD 1,500,000 10/09/2020	32	0.01
	Bought USD 4,400,000 Sold GBP 3,536,344 10/09/2020	(185)	(0.04)
	Bought USD 5,000,000 Sold GBP 4,010,508 10/09/2020	(202)	(0.04)
	Bought USD 8,000,000 Sold GBP 6,386,909 10/09/2020	(293)	(0.06)
		807	0.18
Futures Contracts (0.09)% (31 July 2019 0.23%)			
295	Long Gilt Future Contract September 2020	234	0.05
(250)	US 10 Year Ultra Future Contract September 2020	(629)	(0.14)
		(395)	(0.09)
Portfolio of investments**		436,092	94.75
Net other assets		24,183	5.25
Total net assets attributable to shareholders		460,275	100.00

Analysis of investments by asset class

	Market value £'000	Value of investments %
Bonds	435,680	94.66
Derivatives	412	0.09
Portfolio of investments**	436,092	94.75
Net other assets	24,183	5.25
Total net assets attributable to shareholders	460,275	100.00

Comparative percentage figures in brackets are at 31 July 2019.

All investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market, unless otherwise stated.

*At risk of default/defaulted or illiquid securities as disclosed on page 16.

**Includes investment liabilities.

Aegon Investment Grade Bond Fund

Statement of Total Return for the year ended 31 July 2020

			2020		2019
	Note	£'000	£'000	£'000	£'000
Income					
Net capital gains	2		18,240		16,830
Revenue	3	16,959		35,908	
Expenses	4	(3,947)		(8,780)	
Interest payable and similar charges	5	(54)		(20)	
Net revenue before taxation		12,958		27,108	
Taxation	6	(28)		(95)	
Net revenue after taxation			12,930		27,013
Total return before distributions			31,170		43,843
Distributions	7		(13,075)		(27,028)
Change in net assets attributable to shareholders from investment activities			18,095		16,815

Statement of Change in Net Assets Attributable to Shareholders for the year ended 31 July 2020

		2020		2019
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		746,249		1,487,017
Amounts receivable on issue of shares	44,747		185,691	
Amounts payable on cancellation of shares	(359,167)		(960,993)	
		(314,420)		(775,302)
Dilution adjustment		1,156		2,246
Change in net assets attributable to shareholders from investment activities		18,095		16,815
Retained distribution on accumulation shares		9,195		15,473
Closing net assets attributable to shareholders		460,275		746,249

Aegon Investment Grade Bond Fund

Balance Sheet as at 31 July 2020

			2020		2019
	Note	£'000	£'000	£'000	£'000
Assets					
Fixed assets:					
Investments			437,842		735,555
Current assets:					
Debtors	8	6,539		13,086	
Cash and bank balances	9	22,853		6,152	
			29,392		19,238
Total assets			467,234		754,793
Liabilities					
Investment liabilities			1,750		2,600
Creditors					
Bank overdrafts	10	280		-	
Distributions payable		619		1,239	
Other creditors	11	4,310		4,705	
Total liabilities			6,959		8,544
Net assets attributable to shareholders			460,275		746,249

Aegon Investment Grade Bond Fund

Notes to the Financial Statements

1 Accounting policies

The sub-fund's financial statements have been prepared on the basis disclosed on pages 12 to 14.

2 Net capital gains

Net capital gains comprise:

	2020	2019
	£'000	£'000
Gains on non-derivative securities	15,400	12,919
Gains/(losses) on forward currency contracts	2,646	(3,861)
Currency exchange (losses)/gains	(116)	475
Gains on derivative securities	312	7,300
Transaction charges	(2)	(3)
Net capital gains	18,240	16,830

3 Revenue

	2020	2019
	£'000	£'000
Interest on debt securities	16,883	35,177
Bank interest	76	460
Derivative revenue	-	271
Total revenue	16,959	35,908

4 Expenses*

	2020	2019
	£'000	£'000
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	3,767	8,499
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary fee	95	175
Other expenses:		
Audit fee**	11	11
FT publishing fee	5	5
KIID fee	1	-
Legal fees	4	-
PRIIPs fees	1	4
Registrar's fee	36	25
Safe custody charge	27	61
	85	106
Total expenses	3,947	8,780

*All expenditure stated above is inclusive of irrecoverable VAT where applicable.

**The audit fee (excluding VAT) incurred during the year was £11,500 (2019: £8,915).

5 Interest payable and similar charges

	2020	2019
	£'000	£'000
Interest	15	20
Derivative expense	39	-
Interest payable and similar charges	54	20

6 Taxation

a) Analysis of charge in the year

	2020	2019
	£'000	£'000
Current tax:		
Overseas tax suffered	28	95
Total tax charge for the year (see note 6 (b))	28	95

Aegon Investment Grade Bond Fund

Notes to the Financial Statements (continued)

6 Taxation (continued)

b) Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019: lower than) the standard rate of corporation tax for Open Ended Investment Companies 'OEICs' (20%).

The differences are explained below:

	2020 £'000	2019 £'000
Net revenue before taxation	12,958	27,108
Corporation tax 20% (2019: 20%)	2,592	5,422
Effects of:		
Overseas tax suffered	28	95
Relief on overseas tax suffered	(6)	(19)
Tax deductible interest distributions	(2,586)	(5,406)
Equalisation on conversion	-	3
Total tax charge for the year (see note 6 (a))	28	95

Open Ended Investment Companies are exempt from tax on capital gains. Therefore, any capital return is not included in the above reconciliations.

7 Distributions

a) Distributions

The distributions take account of amounts receivable on the issue of shares and amounts deductible on the cancellation of shares, and comprise:

	2020 £'000	2019 £'000
Interim distributions	9,340	20,157
Final distribution	2,745	4,403
	12,085	24,560
Add: amounts deductible on cancellation of shares	1,124	3,031
Less: amounts receivable on creation of shares	(134)	(563)
Distributions	13,075	27,028

Details of the distributions are set out in the tables on pages 189 and 190.

b) Movement between net revenue and distribution

	2020 £'000	2019 £'000
Net revenue after taxation	12,930	27,013
Equalisation on conversions	145	15
Distributions	13,075	27,028

8 Debtors

	2020 £'000	2019 £'000
Accrued revenue	4,887	10,040
Amounts receivable for the issue of shares	363	550
Sales awaiting settlement	1,289	2,496
Debtors	6,539	13,086

9 Cash and bank balances

	2020 £'000	2019 £'000
Amounts held at futures clearing houses and brokers*	1,822	2,765
Cash and bank balances	7,395	565
Money market deposits	13,636	2,822
Cash and bank balances	22,853	6,152

*Includes cash pledged as collateral of £Nil (2019: £3,070,000).

Aegon Investment Grade Bond Fund

Notes to the Financial Statements (continued)

10 Bank overdrafts

	2020	2019
	£'000	£'000
Amounts held at futures clearing houses and brokers*	280	-
Bank overdrafts	280	-

*Includes cash pledged as collateral of £280,000 (2019: £Nil).

11 Other creditors

	2020	2019
	£'000	£'000
Accrued ACD periodic charge	194	501
Accrued other expenses	52	46
Amounts payable for cancellation of shares	1,237	4,158
Purchases awaiting settlement	2,827	-
Other creditors	4,310	4,705

12 Related parties

Related party interests in the sub-fund are disclosed in Note 6 of the Accounting Policies on page 17. Amounts due to the ACD as at year end for the ACD periodic charge and amounts due to the ACD for outstanding cancellations are disclosed in Note 11. Amounts receivable from the ACD as at year end for outstanding issue of shares are disclosed in Note 8. At the year-end 7.01% (2019: 5.00%) of the shares in issue were owned by AEGON Group or AEGON UK companies.

13 Contingent assets, liabilities and commitments

There were no contingent assets, liabilities or commitments present in the sub-fund as at 31 July 2020 (2019: Nil).

14 Financial instruments and risk

The risks associated with the sub-fund are market, concentration, valuation, yield, liquidity, counterparty, and interest rate risk. Narrative disclosures are on pages 15 to 17.

Analysis of investments by credit ratings

	2020		2019	
	Market value	Value of investments	Market value	Value of investments
	£'000	%	£'000	%
Investment grade	369,888	80.35	639,874	85.74
Below investment grade	44,779	9.74	45,332	6.07
Unrated	21,013	4.57	48,211	6.47
Derivatives	412	0.09	(462)	(0.06)
Portfolio of investments	436,092	94.75	732,955	98.22
Net other assets	24,183	5.25	13,294	1.78
Total net assets attributable to shareholders	460,275	100.00	746,249	100.00

Note - Investment grade securities are defined as securities with a Standard & Poor's, Moody's or Fitch's rating of BBB-, Baa3 and BBB- or above respectively.

Derivative risk

The sub-fund invests in derivatives, consistent with the investment objective of the sub-fund, as outlined in the derivative risks section on page 17.

VaR Disclosure

The Manager assesses the market risk of the sub-fund's investments, including any derivative exposure, using a value at risk methodology. This process provides the Manager with an estimate of the maximum potential loss that could be expected to occur as a result of changes in market prices over a given period of time in all but a given percentage of circumstances. The value at risk is calculated on a 95.00% (2019: 95.00%) confidence interval with a one month time horizon and a five year history, using the Historical model. The sub-fund has an absolute VaR limit of 14.10% (2019: 14.10%). As at the balance sheet date, the sub-fund's value at risk is 2.14% (2019: 1.92%).

Aegon Investment Grade Bond Fund

Notes to the Financial Statements (continued)

14 Financial instruments and risk (continued)

VaR Disclosure (continued)

The following table details the lowest, highest and average utilisation of the VaR limit:

	Lowest Utilisation (%)	Highest Utilisation (%)	Average Utilisation (%)
31 July 2020	1.75	2.47	2.13
31 July 2019	1.72	2.17	1.94

Leverage

Average leverage is calculated as the sum of the net asset value and the incremental exposure generated through the use of derivatives (calculated in accordance with the commitment approach (CESR/10-788)) divided by the net asset value. As at 31 July 2020 date the average leverage was 39.51% (2019: 18.75%).

Counterparty risk

The risk of entering an arrangement with a counterparty, which is itself subject to financial risks which may affect its ability to trade as a going concern.

The ACD maintains a list of approved counterparties. This list is regularly monitored and revised for changes based on the counterparty's credit-worthiness, market reputation and expectations of future financial performance. Transactions will only be opened with financial intermediaries on the approved counterparties list.

The sub-fund's use of exchange traded derivatives are considered to be free of counterparty risk if the derivative is traded on an exchange where the clearing house is backed by an appropriate performance guarantee and it is characterised by a daily mark-to-market valuation of the derivative position and at least daily margining.

The following details exposure to counterparties obtained through the use of derivatives:

As at 31 July 2020

Counterparty	Forward Foreign Exchange Contracts Exposure £'000	Futures Exposure £'000	Collateral Pledge £'000
Barclays	807	-	(280)

As at 31 July 2019

Counterparty	Forward Foreign Exchange Contracts Exposure £'000	Futures Exposure £'000	Collateral Pledge £'000
BNP Paribas	162	-	-
Citigroup	-	-	3,070
UBS	-	1,736	-

Positive exposure represents the sub-fund's exposure to that counterparty and not the sub-fund's holdings with that counterparty.

15 Portfolio transaction costs

Purchases

31 July 2020	Value £'000	Commissions £'000	%	Other Costs* £'000	%
Debt securities	400,920	-	-	-	-
Total	400,920	-		-	
Total purchases including transaction costs	400,920				
31 July 2019					
Debt securities	701,085	-	-	-	-
Total	701,085	-		-	
Total purchases including transaction costs	701,085				

*Other Costs includes taxes and any other costs other than commissions incurred by the sub-fund when buying and selling an underlying investment.

Aegon Investment Grade Bond Fund

Notes to the Financial Statements (continued)

15 Portfolio transaction costs (continued)

Sales

31 July 2020	Value £'000	Commissions £'000	%	Other Costs* £'000	%
Debt securities	710,622	-	-	-	-
Total	710,622	-		-	
Total sales net of transaction costs	710,622				
31 July 2019					
Debt securities	1,322,480	-	-	-	-
Total	1,322,480	-		-	
Total sales net of transaction costs	1,322,480				

Derivatives

31 July 2020	Commissions £'000
Futures	26
31 July 2019	
Futures	37

*Other Costs includes taxes and any other costs other than commissions incurred by the sub-fund when buying and selling an underlying investment.

The purchases and sales are not subject to portfolio transaction costs.

Portfolio transaction costs are incurred by the sub-fund when buying and selling underlying investments. These vary depending on the class of investment, country of exchange and method of execution. These costs can be classified as either direct or indirect transaction costs:

- Direct transaction costs: Broker commissions, fees and taxes.
- Indirect transaction costs: 'Dealing spread' - the difference between the buying and selling prices of the sub-fund's underlying investments.

In order to protect existing investors from the effects of dilution, portfolio transaction costs incurred as a result of investors buying and selling shares in the sub-fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

At the balance sheet date, the portfolio dealing spread was 0.93% (2019: 0.68%), being the difference between the respective bid and offer prices for the sub-fund's investments.

16 Fair value hierarchy

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The fair value hierarchy has the following levels:

Level 1 – Unadjusted quoted price in an active market for an identical instrument.

Level 2 – Valuation techniques using observable inputs other than quoted prices within level 1.

Level 3 – Valuation techniques using unobservable inputs.

Basis of valuation	2020		2019	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
1 - Unadjusted quoted prices	7,890	(629)	9,389	(54)
2 - Observable market data	429,952	(1,121)	726,166	(2,546)
3 - Unobservable data	-	-	-	-
	437,842	(1,750)	735,555	(2,600)

Aegon Investment Grade Bond Fund

Notes to the Financial Statements (continued)

17 Share classes

The sub-fund currently has three share classes; A (Retail), B (Institutional) and S (Institutional). The ACD's periodic charge on each share class is as follows:

A share class: 1.25%
 B share class*: 0.50%
 S share class**: 0.40%

*The B share class ACD fee changed from 0.75% to 0.50% on 1 January 2020.

**The S share class ACD fee changed from 0.50% to 0.40% on 1 January 2020.

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative tables on pages 173 to 176. The distribution per share class is given in the distribution tables on pages 189 and 190. All share classes have the same rights on winding up.

Share class movement reconciliation

31 July 2020	Opening	Creations	Cancellations	Converted	Closing
A Accumulation	46,416,663	1,853,363	(9,142,123)	(37,234,066)	1,893,837
A Income	13,278,085	194,091	(2,114,647)	(11,356,922)	607
B Accumulation	210,868,231	13,779,402	(100,091,916)	36,453,866	161,009,583
B Income	63,169,573	4,836,702	(26,725,619)	10,814,975	52,095,631
D Accumulation*	2,563,629	286,220	(746,866)	(2,102,983)	-
D Income*	609,275	8,974	(72,948)	(545,301)	-
S Accumulation	36,897,981	4,015,968	(26,748,959)	104,784	14,269,774
S Income	102,928,214	2,350,836	(73,404,476)	1,209,295	33,083,869

*Share classes closed on 3 February 2020.

18 Post balance sheet events

The table below shows the net asset values per share as at the balance sheet date, compared against values as at 23 November 2020 and the percentage movement in that period:

Net assets per share

	31 July 2020	23 November 2020	Movement
A Accumulation	197.24	200.49	1.65%
A Income	130.30	131.85	1.19%
B Accumulation	210.16	214.12	1.88%
B Income	130.44	132.08	1.25%
S Accumulation	111.25	113.38	1.92%
S Income	103.78	105.09	1.26%

Aegon Investment Grade Bond Fund

Distribution Tables

Share Class A Accumulation

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2018/9 Total Paid
31/10/19	31/12/19	Group 1	0.8069	N/A	0.8069	0.9265
		Group 2	0.3250	0.4819		
31/01/20	31/03/20	Group 1	0.8344	N/A	0.8344	0.8748
		Group 2	0.2249	0.6095		
30/04/20	30/06/20	Group 1	0.8517	N/A	0.8517	0.8384
		Group 2	0.5150	0.3367		
31/07/20	30/09/20	Group 1	0.8166	N/A	0.8166	0.8815
		Group 2	0.3727	0.4439		

Share Class A Income

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2018/9 Total Paid
31/10/19	31/12/19	Group 1	0.5423	N/A	0.5423	0.6350
		Group 2	0.3771	0.1652		
31/01/20	31/03/20	Group 1	0.5584	N/A	0.5584	0.5965
		Group 2	0.2275	0.3309		
30/04/20	30/06/20	Group 1	0.5647	N/A	0.5647	0.5666
		Group 2	0.1152	0.4495		
31/07/20	30/09/20	Group 1	0.5383	N/A	0.5383	0.5952
		Group 2	0.1619	0.3764		

Share Class B Accumulation

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2018/9 Total Paid
31/10/19	31/12/19	Group 1	1.1062	N/A	1.1062	1.2112
		Group 2	0.5815	0.5247		
31/01/20	31/03/20	Group 1	1.1829	N/A	1.1829	1.1558
		Group 2	0.4572	0.7257		
30/04/20	30/06/20	Group 1	1.2745	N/A	1.2745	1.1127
		Group 2	0.5750	0.6995		
31/07/20	30/09/20	Group 1	1.2491	N/A	1.2491	1.1774
		Group 2	0.5998	0.6493		

Share Class B Income

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2018/9 Total Paid
31/10/19	31/12/19	Group 1	0.7029	N/A	0.7029	0.7888
		Group 2	0.3945	0.3084		
31/01/20	31/03/20	Group 1	0.7475	N/A	0.7475	0.7462
		Group 2	0.3984	0.3491		
30/04/20	30/06/20	Group 1	0.8010	N/A	0.8010	0.7163
		Group 2	0.5482	0.2528		
31/07/20	30/09/20	Group 1	0.7785	N/A	0.7785	0.7527
		Group 2	0.3338	0.4447		

All distributions above are in pence per share unless specifically stated.

*Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being a capital repayment, it is not liable to income tax but must be deducted from the cost of the shares for capital gains tax purposes.

Aegon Investment Grade Bond Fund

Distribution Tables (continued)

Share Class D Accumulation**

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2018/9 Total Paid
31/10/19	31/12/19	Group 1	0.6815	N/A	0.6815	0.7623
		Group 2	0.3887	0.2928		
31/01/20	31/03/20	Group 1	0.7031	N/A	0.7031	0.7240
		Group 2	0.3202	0.3829		
30/04/20	30/06/20	Group 1	-	-	-	0.6941
		Group 2	-	-		
31/07/20	30/09/20	Group 1	-	-	-	0.7338
		Group 2	-	-		

Share Class D Income**

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2018/9 Total Paid
31/10/19	31/12/19	Group 1	0.5745	N/A	0.5745	0.6568
		Group 2	0.0804	0.4941		
31/01/20	31/03/20	Group 1	0.5898	N/A	0.5898	0.6203
		Group 2	0.2400	0.3498		
30/04/20	30/06/20	Group 1	-	-	-	0.5910
		Group 2	-	-		
31/07/20	30/09/20	Group 1	-	-	-	0.6220
		Group 2	-	-		

Share Class S Accumulation

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2018/9 Total Paid
31/10/19	31/12/19	Group 1	0.6513	N/A	0.6513	0.7006
		Group 2	0.3535	0.2978		
31/01/20	31/03/20	Group 1	0.6800	N/A	0.6800	0.6717
		Group 2	0.3863	0.2937		
30/04/20	30/06/20	Group 1	0.7008	N/A	0.7008	0.6468
		Group 2	0.3667	0.3341		
31/07/20	30/09/20	Group 1	0.6892	N/A	0.6892	0.6865
		Group 2	0.3436	0.3456		

Share Class S Income

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2018/9 Total Paid
31/10/19	31/12/19	Group 1	0.6231	N/A	0.6231	0.6885
		Group 2	0.3564	0.2667		
31/01/20	31/03/20	Group 1	0.6461	N/A	0.6461	0.6543
		Group 2	0.3923	0.2538		
30/04/20	30/06/20	Group 1	0.6623	N/A	0.6623	0.6287
		Group 2	0.2242	0.4381		
31/07/20	30/09/20	Group 1	0.6466	N/A	0.6466	0.6614
		Group 2	0.3995	0.2471		

All distributions above are in pence per share unless specifically stated.

*Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being a capital repayment, it is not liable to income tax but must be deducted from the cost of the shares for capital gains tax purposes.

**Share classes closed as on 3 February 2020.

Aegon Ethical Corporate Bond Fund

Fund objective*

The investment objective is to provide a combination of income and capital growth over any 7 year period. The sub-fund operates an ethical screen which means that the sub-fund may not invest in particular industries and sectors. In all cases, the investments of the sub-fund will meet the sub-fund's predefined ethical criteria. The sub-fund will invest at least 80% in a portfolio of investment grade corporate bonds issued anywhere in the world. The sub-fund may also invest up to 10% in high yield corporate bonds issued anywhere in the world.

Risk profile

The sub-fund is designed for retail and institutional investors seeking pooled exposure to the sterling corporate bond market while pursuing an ethical investment policy which excludes unethical activity. Investors in this sub-fund should be comfortable with a medium level of investment risk. In most cases, we expect the sub-fund to be held as part of a diversified portfolio which may include other assets such as bonds, equities, property and cash. While investors will normally be able to liquidate their holdings on a daily basis, unit prices will fluctuate and may fall significantly in value. Consequently, it is important to understand that the sub-fund should be viewed as a longer term investment.

The sub-fund is actively managed and exposed to a range of risks, which are listed and defined in the Aegon Asset Management UK ICVC Prospectus. The most material risks from this list also appear in our Key Investor Information documents (KIID) where they are summarised in an easy-to-read format. You can find both of these documents on our website at www.aegonam.com.

Performance**

The Aegon Ethical Corporate Bond Fund returned 5.89% compared to the peer group median return of 5.96%. The peer group is the Investment Association Sterling Corporate Bond sector.

Strategy review***

Bond markets performed strongly over the year under review, although it was without doubt an extremely volatile 12 months. After a relatively positive start, the year was marked by the onset of the coronavirus pandemic during the first half of 2020 as well as the support provided by central banks and governments, which was visible throughout the year. This support helped both government and corporate bond markets, with the latter outperforming the former.

During the first half of the year we tended to limit the amount of credit risk in the sub-fund and therefore it held a relatively defensive stance. We were, however, very active in the new issue market and took advantage of some attractive new issuance when opportunities arose. While volatile, our positioning initially added value although it came under pressure towards the end of 2019 as the market backdrop improved. This was partly due to the decisive victory for the Conservative party in the UK general election, as well as accommodative policy actions by central banks.

Strong issue selection, however, helped to keep the sub-fund's relative performance buoyant. Among the best performing holdings was Tees and Hartlepool Port Authority. During the year the company announced its intention to refinance its debt at favourable terms to bondholders, which prompted a material appreciation in the price of the bonds. Elsewhere, our exposure to bonds issued by UK financial institutions also performed very well.

As we moved into 2020, we had some concerns around how fully valued credit markets had become and consequently we moved to a comparatively cautious position. Nevertheless, we certainly did not expect the collapse in risk assets we saw as the coronavirus pandemic took hold. Our defensive positioning, which was visible through our relatively high weighting to supranational bonds and cash - and by virtue of the ethical screen, therefore protected the sub-fund from the worst of the extreme weakness.

The subsequent unprecedented actions of central banks and governments to support economies through a combination of monetary easing, quantitative easing programmes and supportive fiscal policy was welcomed by the market. We recognised this intervention as offering an excellent opportunity to own corporate bonds, such was the valuation dislocation in light of the degree of central bank support. We therefore sought to add credit risk to the portfolio (and reduce the cash weighting) to take advantage of some of the more attractive valuations. This decision proved correct as corporate bonds continued to rally up to the year end, although the sub-fund was not always able to keep up with the strength of the rally.

We used the primary market (new issuance) as the main avenue to increase the sub-fund's credit exposure, with new (green) issuance from Severn Trent Utilities, Southern Water and Pearson good examples of the types of names added. Within the financials arena, Direct Line Insurance and Rothesay Life were also notable additions over the year. The sub-fund's duration was generally run between 7.5 and 8 years and therefore exerted little influence on performance.

Outlook

The ongoing challenging economic backdrop continues to cause concern, as will another round of cliff-edge Brexit negotiations. In this environment we expect central banks to continue offering support to economies which, in turn, is positive for fixed income markets.

*Please note that the sub-fund's objective has been updated effective 7 September 2020. The latest update can be found in the sub-fund's prospectus at www.aegonam.com.

**Source: Lipper, % growth, income re-invested at pay date, NAV-NAV, GBP, net of Basic Rate Tax. Index returns are gross of Basic Rate Tax. Investors are invited to compare the sub-fund's performance against the performance of other funds within the Investment Association Sterling Corporate Bond Sector. Comparison of the sub-fund against this Sector will give investors an indication of how the sub-fund is performing compared with funds investing in a similar but not identical investment universe and comprising ethical and nonethically screened funds, demonstrating the value of the sub-fund's ethical screen against non-ethically screened funds. This comparison should be performed over at least a 7 year period to provide the most useful long term comparison.

***General references to markets and indices are to be considered as general market commentary only and (i) are not to be considered as a comparison of sub-fund performance against a benchmark (unless otherwise disclosed as such); and (ii) the index or indices do not operate as a performance target and the sub-fund's portfolio is not constrained by the index or indices.

Aegon Ethical Corporate Bond Fund

Material portfolio changes

Top ten purchases	31 July 2020 £'000	Top ten sales	31 July 2020 £'000
KFW 5% 09/06/2036	14,910	KFW 0.375% 15/12/2020	14,729
Direct Line Insurance 4% 05/06/2032	4,304	Network Rail Infrastructure Finance 4.75% 29/11/2035	13,921
Virgin Money UK 4% 09/03/2027	4,083	LCR Finance 4.5% 07/12/2028	11,261
Rothesay Life 3.375% 12/07/2026	3,995	KFW 5% 09/06/2036	10,061
Bank of Montreal 1.5% 18/12/2024	3,993	Transport for London 3.875% 23/07/2042	6,384
Canadian Imperial Bank of Commerce 1.625% 25/09/2025	3,787	LCR Finance 5.1% 07/03/2051	6,045
Bank of Nova Scotia 1.375% 12/05/2023	3,697	THPA Finance 8.241% 15/03/2028	5,953
DWR Cymru Financing UK 1.375% 31/03/2033	3,661	Kelda Finance No.3 5.75% 17/02/2020	4,000
Assura Financing 3% 19/07/2028	3,606	Bank of Nova Scotia 1.75% 23/12/2022	3,678
Euroclear Bank 1.25% 30/09/2024	3,493	Pennon 2.875% Perpetual	3,600

Aegon Ethical Corporate Bond Fund

Comparative Tables

A Accumulation shares	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	226.97	213.61	213.92
Return before operating charges*	13.55	15.61	1.93
Operating charges	(2.37)	(2.25)	(2.24)
Return after operating charges*	11.18	13.36	(0.31)
Distributions	(5.06)	(5.26)	(5.46)
Retained distributions on accumulation shares	5.06	5.26	5.46
Closing net asset value per share	238.15	226.97	213.61
 *after direct transaction costs of	-	-	-
Performance			
Return after charges	4.93%	6.25%	(0.14)%
Other information			
Closing net asset value (£'000)	10,331	104,856	106,595
Closing number of shares	4,337,793	46,198,899	49,901,321
Operating charges	1.03%	1.04%	1.04%
Direct transaction costs	-	-	-
Prices			
Highest share price	239.65	227.78	218.45
Lowest share price	212.76	211.37	212.13

A Income shares	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	116.85	112.65	115.73
Return before operating charges*	6.92	8.13	1.05
Operating charges	(1.21)	(1.18)	(1.20)
Return after operating charges*	5.71	6.95	(0.15)
Distributions	(2.58)	(2.75)	(2.93)
Retained distributions on accumulation shares	-	-	-
Closing net asset value per share	119.98	116.85	112.65
 *after direct transaction costs of	-	-	-
Performance			
Return after charges	4.89%	6.17%	(0.13)%
Other information			
Closing net asset value (£'000)	299	3,743	4,267
Closing number of shares	248,899	3,203,873	3,787,886
Operating charges	1.03%	1.04%	1.04%
Direct transaction costs	-	-	-
Prices			
Highest share price	122.05	117.95	118.18
Lowest share price	108.35	111.04	113.00

Highest and Lowest share prices are based on official published daily NAVs priced at 12 noon on the last business day of the year. The closing net asset value per share is at close of business.

Aegon Ethical Corporate Bond Fund

Comparative Tables (continued)

B Accumulation shares	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	200.46	187.72	187.06
Return before operating charges*	12.03	13.77	1.68
Operating charges	(1.04)	(1.03)	(1.02)
Return after operating charges*	10.99	12.74	0.66
Distributions	(5.56)	(5.59)	(5.73)
Retained distributions on accumulation shares	5.56	5.59	5.73
Closing net asset value per share	211.45	200.46	187.72
 *after direct transaction costs of	-	-	-
Performance			
Return after charges	5.48%	6.79%	0.35%
Other information			
Closing net asset value (£'000)	251,610	211,892	183,557
Closing number of shares	118,995,297	105,703,654	97,780,411
Operating charges	0.48%	0.54%	0.54%
Direct transaction costs	-	-	-
Prices			
Highest share price	212.66	201.17	191.38
Lowest share price	188.53	185.93	186.00

B Income shares	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	104.80	101.04	103.80
Return before operating charges*	6.23	7.29	0.94
Operating charges	(0.54)	(0.55)	(0.56)
Return after operating charges*	5.69	6.74	0.38
Distributions	(2.88)	(2.98)	(3.14)
Retained distributions on accumulation shares	-	-	-
Closing net asset value per share	107.61	104.80	101.04
 *after direct transaction costs of	-	-	-
Performance			
Return after charges	5.43%	6.67%	0.37%
Other information			
Closing net asset value (£'000)	193,187	175,885	159,581
Closing number of shares	179,525,858	167,830,127	157,945,992
Operating charges	0.48%	0.54%	0.54%
Direct transaction costs	-	-	-
Prices			
Highest share price	109.53	105.92	106.05
Lowest share price	97.25	99.64	101.37

Highest and Lowest share prices are based on official published daily NAVs priced at 12 noon on the last business day of the year. The closing net asset value per share is at close of business.

Aegon Ethical Corporate Bond Fund

Comparative Tables (continued)

D Accumulation shares**	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	131.32	123.28	123.15
Return before operating charges*	5.98	9.03	1.11
Operating charges	(0.56)	(0.99)	(0.98)
Return after operating charges*	5.42	8.04	0.13
Distributions	(1.63)	(3.35)	(3.46)
Retained distributions on accumulation shares	1.63	3.35	3.46
Redemption value	(136.74)	-	-
Closing net asset value per share	-	131.32	123.28
 *after direct transaction costs of	-	-	-
Performance			
Return after charges	4.12%	6.52%	0.11%
Other information			
Closing net asset value (£'000)	-	2,470	2,246
Closing number of shares	-	1,880,924	1,822,023
Operating charges	-	0.79%	0.79%
Direct transaction costs	-	-	-
Prices			
Highest share price	136.98	131.79	125.86
Lowest share price	131.91	122.05	122.29

D Income shares**	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	109.01	105.09	107.97
Return before operating charges*	4.94	7.58	0.97
Operating charges	(0.46)	(0.83)	(0.85)
Return after operating charges*	4.48	6.75	0.12
Distributions	(1.35)	(2.83)	(3.00)
Retained distributions on accumulation shares	-	-	-
Redemption value	(112.14)	-	-
Closing net asset value per share	-	109.01	105.09
 *after direct transaction costs of	-	-	-
Performance			
Return after charges	4.11%	6.42%	0.11%
Other information			
Closing net asset value (£'000)	-	1,161	1,178
Closing number of shares	-	1,065,327	1,120,351
Operating charges	-	0.79%	0.79%
Direct transaction costs	-	-	-
Prices			
Highest share price	113.02	110.10	110.28
Lowest share price	109.03	103.61	105.43

Highest and Lowest share prices are based on official published daily NAVs priced at 12 noon on the last business day of the year. The closing net asset value per share is at close of business.

**Share classes closed on 3 February 2020.

Aegon Ethical Corporate Bond Fund

Portfolio Statement

The sub-fund's investments as at 31 July 2020

Holding	Investment	Market Valuation £'000	Total net assets %
Sterling Denominated Bonds 96.59% (31 July 2019 93.22%)			
Asset Backed Security 12.81% (31 July 2019 13.61%)			
2,900,000	Alpha Schools Highland Project 4.792% 31/01/2036	2,681	0.59
3,250,000	Arqiva Financing 4.882% 31/12/2032	3,104	0.68
3,525,000	Canary Wharf Finance II 6.8% 22/04/2030	2,498	0.55
3,400,000	Channel Link Enterprises Finance 3.848% 30/06/2050	4,098	0.90
3,000,000	Dignity Finance 4.6956% 31/12/2049*	2,341	0.51
225,000	Great Rolling Stock 6.875% 27/07/2035	199	0.04
1,500,000	Greater Gabbard 4.137% 29/11/2032	1,447	0.32
2,000,000	High Speed Rail Finance No.1 4.375% 01/11/2038	2,712	0.60
2,100,000	Income Contingent Student Loans 2 2007-2009 2.5% 24/07/2058	1,844	0.40
1,540,000	Meadowhall Finance 4.986% 12/01/2032	1,260	0.28
1,000,000	Paragon 3.625% 21/01/2047	1,266	0.28
1,300,000	Penarian Housing Finance 3.212% 07/06/2052	1,530	0.34
2,500,000	Premier Transmission Financing 5.2022% 31/03/2030	1,643	0.36
2,000,000	Sustainable Communities for Leeds Finance 5.069% 30/09/2032	2,057	0.45
1,800,000	Swan Housing Capital 3.625% 05/03/2048	2,094	0.46
2,400,000	TC Dudgeon Ofto 3.158% 12/11/2038	2,731	0.60
4,900,000	Telereal Secured Finance 4.01% 10/12/2031	3,806	0.84
2,250,000	Telereal Securitisation 5.9478% 10/12/2031	1,945	0.43
2,800,000	Telereal Securitisation 6.1645% 10/12/2031	3,163	0.69
3,000,000	Trafford Centre Finance 6.5% 28/07/2033*	3,064	0.67
1,200,000	Trafford Centre Finance 7.03% 28/01/2029*	675	0.15
5,300,000	Transport for London 5% 31/03/2035	7,334	1.61
4,300,000	White City Property Finance 5.1202% 17/04/2035	4,821	1.06
		58,313	12.81
Corporate Bonds 83.78% (31 July 2019 79.03%)			
4,000,000	ABP Finance 6.25% 14/12/2026	4,793	1.05
900,000	Accent Capital 2.625% 18/07/2049	1,096	0.24
4,000,000	American International 5% 26/04/2023	4,390	0.96
2,500,000	AMP Group Finance Services 6.875% 23/08/2022	2,653	0.58
3,000,000	Anglian Water Services Financing 1.625% 10/08/2025	3,107	0.68
1,200,000	Anglian Water Services Financing 2.75% 26/10/2029	1,360	0.30
1,200,000	APT Pipelines 3.5% 22/03/2030	1,357	0.30
4,000,000	APT Pipelines 4.25% 26/11/2024	4,499	0.99
3,500,000	Aroundtown 3.25% 18/07/2027	3,693	0.81
1,600,000	Aroundtown 3.625% 10/04/2031	1,702	0.37
1,500,000	Arqiva Financing 5.34% 30/06/2030	1,885	0.41
3,300,000	Assura Financing 3% 19/07/2028	3,662	0.80
2,750,000	Aviva 6.875% 20/05/2058	4,049	0.89
3,000,000	AXA 5.625% 16/01/2054	3,762	0.83
1,800,000	AXA 7.125% 15/12/2020	1,835	0.40
4,000,000	Bank of Montreal 1.5% 18/12/2024	4,149	0.91
3,500,000	Bank of Montreal 1.625% 21/06/2022	3,573	0.78
3,700,000	Bank of Nova Scotia 1.375% 12/05/2023	3,775	0.83
1,000,000	Bank of Nova Scotia 1.75% 23/12/2022	1,028	0.23
3,000,000	Bank of Scotland Capital Funding 7.754% Perpetual	3,099	0.68
3,500,000	Bazalgette Finance 2.375% 29/11/2027	3,789	0.83
1,900,000	Blend Funding 3.459% 21/09/2047	2,497	0.55
4,100,000	BPCE 5.25% 16/04/2029	5,145	1.13
700,000	British Land 5.264% 24/09/2035	940	0.21
2,500,000	British Land 5.357% 31/03/2028	3,107	0.68
3,100,000	Cadent Finance 2.125% 22/09/2028	3,311	0.73
3,000,000	Cadent Finance 2.625% 22/09/2038	3,392	0.74
3,800,000	Canadian Imperial Bank of Commerce 1.625% 25/09/2025	3,912	0.86
2,000,000	Clarion Funding 1.875% 22/01/2035	2,088	0.46

Aegon Ethical Corporate Bond Fund

Portfolio Statement (continued)

Holding	Investment	Market Valuation £'000	Total net assets %
Corporate Bonds (continued)			
800,000	Close Brothers 2.75% 26/04/2023	830	0.18
1,000,000	Close Brothers Finance 2.75% 19/10/2026	1,067	0.23
1,300,000	CNP Assurances 7.375% 30/09/2041	1,384	0.30
1,800,000	Cooperatieve Rabobank 4% 19/09/2022	1,936	0.42
4,400,000	Cooperatieve Rabobank 5.25% 14/09/2027	5,456	1.20
1,629,000	Cooperatieve Rabobank 6.91% Perpetual	2,611	0.57
3,400,000	Coventry Building Society 1.875% 24/10/2023	3,517	0.77
1,675,000	Coventry Building Society 5.875% 28/09/2022	1,862	0.41
1,200,000	CPUK Finance 4.25% 28/08/2022	1,171	0.26
3,700,000	CPUK Finance 7.239% 28/02/2024	4,186	0.92
2,000,000	CYBG 9.25% Perpetual	2,005	0.44
1,500,000	Deutsche Bahn Finance 2.75% 20/06/2022	1,563	0.34
2,300,000	Deutsche Telekom International Finance 7.625% 15/06/2030	3,615	0.79
3,500,000	Digital Stout 3.75% 17/10/2030	4,172	0.92
4,200,000	Direct Line Insurance 4% 05/06/2032	4,521	0.99
2,400,000	DS Smith 2.875% 26/07/2029	2,445	0.54
3,700,000	DWR Cymru Financing UK 1.375% 31/03/2033	3,776	0.83
3,000,000	DWR Cymru Financing UK 1.625% 31/03/2026	3,025	0.66
1,900,000	Esure 6.75% 19/12/2024	1,962	0.43
3,500,000	Euroclear Bank 1.25% 30/09/2024	3,597	0.79
1,100,000	Experian Finance 3.25% 07/04/2032	1,306	0.29
1,700,000	FirstGroup 5.25% 29/11/2022	1,721	0.38
1,700,000	Fiserv 3% 01/07/2031	1,931	0.42
3,000,000	Freshwater Finance 4.607% 17/10/2036	4,025	0.88
2,200,000	GLH Hotels 7.875% 20/06/2022*	2,358	0.52
3,000,000	Grainger 3.375% 24/04/2028	3,219	0.71
2,000,000	Great Places Housing 4.75% 22/10/2042	2,972	0.65
1,300,000	Grosvenor UK Finance 6.5% 29/09/2026	1,665	0.37
700,000	Guinness Partnership 2% 22/04/2055	769	0.17
3,300,000	HBOS Sterling Finance Jersey 7.881% Perpetual	5,063	1.11
1,500,000	Incommunities 3.25% 21/03/2049	2,028	0.45
2,900,000	ING Groep 3% 18/02/2026	3,166	0.69
3,000,000	Intesa Sanpaolo 2.5% 15/01/2030	2,975	0.65
1,400,000	Intesa Sanpaolo 5.148% 10/06/2030	1,505	0.33
3,900,000	Investec 4.25% 24/07/2028	3,817	0.84
3,200,000	KFW 5% 09/06/2036	5,302	1.16
2,800,000	KFW 5.5% 18/06/2025	3,525	0.77
3,600,000	Land Securities Capital Markets 1.974% 08/02/2024	3,695	0.81
3,800,000	LCR Finance 5.1% 07/03/2051	7,982	1.75
2,400,000	Legal & General 5.125% 14/11/2048	2,715	0.60
2,500,000	Legal & General 5.5% 27/06/2064	3,002	0.66
3,500,000	Legal & General 10% 23/07/2041	3,791	0.83
2,600,000	Liberty Living Finance 3.375% 28/11/2029	2,657	0.58
1,400,000	Libra Longhurst Treasury 3.25% 15/05/2043	1,704	0.37
1,600,000	Lloyds Banking 6.5% 17/09/2040	2,814	0.62
3,100,000	Logicor 1.875% 17/11/2026	3,169	0.70
2,300,000	Lunar Funding I 5.75% 18/10/2033	3,405	0.75
2,030,000	Motability Operations 3.625% 10/03/2036	2,668	0.59
2,000,000	Muenchener Rueckversicherungs 6.625% 26/05/2042	2,179	0.48
1,200,000	National Express 2.375% 20/11/2028	1,168	0.26
1,800,000	National Express 2.5% 11/11/2023	1,812	0.40
1,500,000	National Grid Electricity Transmission 2% 17/04/2040	1,622	0.36
1,200,000	National Grid Electricity Transmission 2.75% 06/02/2035	1,426	0.31
2,200,000	National Grid Gas 1.375% 02/07/2031	2,267	0.50
2,700,000	Nationwide Building Society 1% 24/01/2023	2,720	0.60
1,100,000	Nationwide Building Society 5.75% Perpetual	1,120	0.25
2,500,000	Nationwide Building Society 5.769% Perpetual	2,575	0.57
2,200,000	Nationwide Building Society 5.875% Perpetual	2,229	0.49

Aegon Ethical Corporate Bond Fund

Portfolio Statement (continued)

Holding	Investment	Market Valuation £'000	Total net assets %
Corporate Bonds (continued)			
3,300,000	NatWest 3.622% 14/08/2030	3,468	0.76
2,500,000	NGG Finance 5.625% 18/06/2073	2,871	0.63
1,500,000	Northern Powergrid Northeast 1.875% 16/06/2062	1,602	0.35
4,100,000	Northern Powergrid Yorkshire 4.375% 05/07/2032	5,401	1.19
1,900,000	Notting Hill Housing Trust 3.75% 20/12/2032	2,287	0.50
1,600,000	Orange 3.25% 15/01/2032	1,897	0.42
1,400,000	Orange 5.75% Perpetual	1,527	0.34
3,200,000	Orsted 2.5% 16/05/2033	3,698	0.81
700,000	Pearson Funding 3.75% 04/06/2030	755	0.17
1,100,000	Pension Insurance 4.625% 07/05/2031	1,198	0.26
3,000,000	Phoenix 4.125% 20/07/2022	3,110	0.68
2,800,000	Phoenix Life 7.25% Perpetual	2,822	0.62
2,100,000	Places for People Homes 3.625% 22/11/2028	2,373	0.52
1,900,000	Platform HG Financing 1.625% 10/08/2055	1,880	0.41
2,400,000	Porterbrook Rail Finance 6.5% 20/10/2020	2,424	0.53
3,200,000	Prudential 5.625% 20/10/2051	3,662	0.80
1,800,000	Prudential 6.34% 19/12/2063	2,174	0.48
1,400,000	RAC 4.87% 06/05/2026	1,392	0.31
1,400,000	RL Finance No.2 6.125% 30/11/2043	1,552	0.34
4,000,000	Rothsay Life 3.375% 07/12/2029	4,065	0.89
3,000,000	Royal Bank of Scotland 2.875% 19/09/2026	3,174	0.70
3,400,000	Sainsbury's Bank 6% 23/11/2027	3,442	0.76
1,500,000	Sanctuary Capital 2.375% 14/04/2050	1,764	0.39
2,200,000	Santander 7.375% Perpetual	2,262	0.50
3,300,000	Santander UK 5.875% 14/08/2031*	4,062	0.89
1,900,000	Scottish Hydro Electric Transmission 2.25% 27/09/2035	2,099	0.46
1,000,000	Segro 2.875% 11/10/2037	1,166	0.26
1,800,000	Severn Trent Utilities Finance 2% 02/06/2040	1,934	0.42
3,000,000	Severn Trent Utilities Finance 3.625% 16/01/2026	3,446	0.76
3,100,000	Skipton Building Society 1.75% 30/06/2022	3,131	0.69
600,000	Southern Gas Networks 2.5% 03/02/2025	643	0.14
3,000,000	Southern Gas Networks 4.875% 05/10/2023	3,376	0.74
3,200,000	Southern Water Services Finance 2.375% 28/05/2028	3,291	0.72
4,000,000	SSE 3.875% Perpetual	4,002	0.88
4,000,000	Stagecoach 4% 29/09/2025	4,010	0.88
4,300,000	Svenska Handelsbanken 1.625% 18/06/2022	4,390	0.96
1,500,000	Thames Water Utilities Finance 2.375% 22/04/2040	1,584	0.35
1,600,000	Thames Water Utilities Finance 2.625% 24/01/2032	1,756	0.39
1,400,000	Thames Water Utilities Finance 3.5% 25/02/2028	1,604	0.35
2,400,000	UNITE Group 3.5% 15/10/2028	2,498	0.55
1,700,000	UNITE USAF II 3.921% 30/06/2025	1,851	0.41
3,000,000	Vicinity Centres 3.375% 07/04/2026	3,157	0.69
4,100,000	Virgin Money UK 4% 09/03/2027	4,159	0.91
1,830,000	Vodafone 3% 12/08/2056	2,087	0.46
2,400,000	Vodafone 4.875% 03/10/2078	2,554	0.56
1,100,000	Wales & West Utilities Finance 3% 03/08/2038	1,365	0.30
1,250,000	Wales & West Utilities Finance 4.625% 13/12/2023	1,414	0.31
2,700,000	Welltower 4.8% 20/11/2028	3,144	0.69
2,100,000	Westfield Stratford City Finance NO 2 1.642% 04/08/2026	2,122	0.47
1,000,000	WM Treasury 4.625% 03/12/2042	1,508	0.33
1,900,000	Yorkshire Building Society 3.5% 21/04/2026	2,129	0.47
1,200,000	Yorkshire Water Finance 2.75% 18/04/2041	1,409	0.31
1,250,000	Yorkshire Water Finance 3.625% 01/08/2029	1,471	0.32
2,900,000	Yorkshire Water Finance 3.75% 22/03/2046	2,988	0.66
		381,566	83.78

Aegon Ethical Corporate Bond Fund

Portfolio Statement (continued)

Holding	Investment	Market Valuation £'000	Total net assets %
	Government Bonds 0.00% (31 July 2019 0.58%)		
	Portfolio of investments	439,879	96.59
	Net other assets	15,548	3.41
	Total net assets attributable to shareholders	455,427	100.00

Analysis of investments by asset class

	Market Value £'000	Value of investments %
Bonds	439,879	96.59
Portfolio of investments	439,879	96.59
Net other assets	15,548	3.41
Total net assets attributable to shareholders	455,427	100.00

The comparative percentage figures in brackets are at 31 July 2019.

All investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market, unless otherwise stated.

*At risk of default/defaulted or illiquid securities as disclosed on page 16.

Aegon Ethical Corporate Bond Fund

Statement of Total Return for the year ended 31 July 2020

			2020		2019
	Note	£'000	£'000	£'000	£'000
Income					
Net capital gains	2		10,737		18,196
Revenue	3	15,031		16,630	
Expenses	4	(2,795)		(3,140)	
Net revenue before taxation		12,236		13,490	
Taxation	5	-		-	
Net revenue after taxation			12,236		13,490
Total return before distributions			22,973		31,686
Distributions	6		(12,347)		(13,490)
Change in net assets attributable to shareholders from investment activities			10,626		18,196

Statement of Change in Net Assets Attributable to Shareholders for the year ended 31 July 2020

		2020		2019
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		500,007		457,424
Amounts receivable on issue of shares	114,800		118,867	
Amounts payable on cancellation of shares	(177,432)		(102,822)	
		(62,632)		16,045
Dilution adjustment		307		-
Change in net assets attributable to shareholders from investment activities		10,626		18,196
Retained distribution on accumulation shares		7,119		8,342
Closing net assets attributable to shareholders		455,427		500,007

Aegon Ethical Corporate Bond Fund

Balance Sheet as at 31 July 2020

			2020		2019
	Note	£'000	£'000	£'000	£'000
Assets					
Fixed assets:					
Investments			439,879		466,101
Current assets:					
Debtors	7	6,654		7,052	
Cash and bank balances	8	12,928		29,103	
			19,582		36,155
Total assets			459,461		502,256
Liabilities					
Creditors					
Distributions payable		1,327		1,279	
Other creditors	9	2,707		970	
Total liabilities			4,034		2,249
Net assets attributable to shareholders			455,427		500,007

Aegon Ethical Corporate Bond Fund

Notes to the Financial Statements

1 Accounting policies

The sub-fund's financial statements have been prepared on the basis disclosed on pages 12 to 14.

2 Net capital gains

Net capital gains comprise:

	2020	2019
	£'000	£'000
Gains on non-derivative securities	10,738	18,197
Transaction charges	(1)	(1)
Net capital gains	10,737	18,196

3 Revenue

	2020	2019
	£'000	£'000
Interest on debt securities	14,967	16,489
Bank interest	64	141
Total revenue	15,031	16,630

4 Expenses*

	2020	2019
	£'000	£'000
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	2,633	2,958
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary fee	87	104
Other expenses:		
Audit fee**	11	11
FT publishing fee	5	5
Legal fees	4	-
Registrar's fee	30	30
PRIIPs fees	1	4
Safe custody charge	24	28
	75	78
Total expenses	2,795	3,140

*All expenditure stated above is inclusive of irrecoverable VAT where applicable.

**The audit fee (excluding VAT) incurred during the year was £9,700 (2019: £8,915).

5 Taxation

Corporation tax has not been provided for as expenses and interest distributions payable by the sub-fund exceed the revenue liable to corporation tax.

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019: lower than) the standard rate of corporation tax for Open Ended Investment Companies 'OEICs' (20%).

The differences are explained below:

	2020	2019
	£'000	£'000
Net revenue before taxation	12,236	13,490
Corporation tax 20% (2019: 20%)	2,447	2,698
Effects of:		
Tax deductible interest distributions	(2,447)	(2,698)
Total tax charge for the year	-	-

Open Ended Investment Companies are exempt from tax on capital gains. Therefore, any capital return is not included in the above reconciliations.

Aegon Ethical Corporate Bond Fund

Notes to the Financial Statements (continued)

6 Distributions

a) Distributions

The distributions take account of amounts receivable on the issue of shares and amounts deductible on the cancellation of shares, and comprise:

	2020	2019
	£'000	£'000
Interim distributions	9,056	10,122
Final distribution	3,099	3,401
	12,155	13,523
Add: amounts deductible on cancellation of shares	586	365
Less: amounts receivable on creation of shares	(394)	(398)
Distributions	12,347	13,490

Details of the distributions are set out in the tables on pages 206 and 207.

b) Movement between net revenue and distribution

	2020	2019
	£'000	£'000
Net revenue after taxation	12,236	13,490
Equalisation on conversions	111	-
Distributions	12,347	13,490

7 Debtors

	2020	2019
	£'000	£'000
Accrued revenue	5,436	5,982
Amounts receivable for the issue of shares	1,218	1,070
Debtors	6,654	7,052

8 Cash and bank balances

	2020	2019
	£'000	£'000
Cash and bank balances	12,928	51
Money market deposits	-	29,052
Cash and bank balances	12,928	29,103

9 Other creditors

	2020	2019
	£'000	£'000
Accrued ACD periodic charge	178	259
Accrued other expenses	55	45
Amounts payable for cancellation of shares	614	654
Purchases awaiting settlement	1,860	12
Other creditors	2,707	970

10 Related parties

Related party interests in the sub-fund are disclosed in Note 6 of the Accounting Policies on page 17. Amounts due to the ACD as at year end for the ACD periodic charge and amounts due to the ACD for outstanding cancellations are disclosed in Note 9. Amounts receivable from the ACD as at year end for outstanding issue of shares are disclosed in Note 7. At the year-end 15.77% (2019: 13.93%) of the shares in issue were owned by AEGON Group or AEGON UK companies.

11 Contingent assets, liabilities and commitments

There were no contingent assets, liabilities or commitments present in the sub-fund as at 31 July 2020 (2019: Nil).

12 Financial instruments and risk

The risks associated with the sub-fund are market, concentration, valuation, yield, liquidity, counterparty, and interest rate risk. Narrative disclosures are on pages 15 to 17.

Aegon Ethical Corporate Bond Fund

Notes to the Financial Statements (continued)

12 Financial instruments and risk (continued)

Analysis of investments by credit ratings

	2020		2019	
	Market value £'000	Value of investments %	Market value £'000	Value of investments %
Investment grade	378,337	83.07	411,277	82.27
Below investment grade	32,045	7.04	27,888	5.57
Unrated	29,497	6.48	26,936	5.38
Portfolio of investments	439,879	96.59	466,101	93.22
Net other assets	15,548	3.41	33,906	6.78
Total net assets attributable to shareholders	455,427	100.00	500,007	100.00

Note - Investment grade securities are defined as securities with a Standard & Poor's, Moody's or Fitch's rating of BBB-, Baa3 and BBB- or above respectively.

VaR Disclosure

The Manager assesses the market risk of the sub-fund's investments, including any derivative exposure, using a value at risk methodology. This process provides the Manager with an estimate of the maximum potential loss that could be expected to occur as a result of changes in market prices over a given period of time in all but a given percentage of circumstances. The value at risk is calculated on a 95.00% (2019: 95.00%) confidence interval with a one month time horizon and a five year history, using the Historical model. The sub-fund has an absolute VaR limit of 14.10% (2019: 14.10%). As at the balance sheet date, the sub-fund's value at risk is 2.11% (2019: 1.94%).

The following table details the lowest, highest and average utilisation of the VaR limit:

	Lowest Utilisation (%)	Highest Utilisation (%)	Average Utilisation (%)
31 July 2020	1.92	2.46	2.13
31 July 2019	1.79	2.03	1.91

Leverage

As the sub-fund has not traded in derivatives throughout the year there is no significant exposure to leverage.

Counterparty risk

As the sub-fund has not traded in derivatives throughout the year there is no significant counterparty risk.

13 Portfolio transaction costs

Purchases

	Value £'000	Commissions £'000	%	Other Costs* £'000	%
31 July 2020					
Debt securities	117,766	-	-	-	-
Total	117,766	-		-	
Total purchases including transaction costs	117,766				
31 July 2019					
Debt securities	127,184	-	-	-	-
Total	127,184	-		-	
Total purchases including transaction costs	127,184				

Sales

	Value £'000	Commissions £'000	%	Other Costs* £'000	%
31 July 2020					
Debt securities	152,977	-	-	-	-
Total	152,977	-		-	
Total sales net of transaction costs	152,977				
31 July 2019					
Debt securities	116,844	-	-	-	-
Total	116,844	-		-	
Total sales net of transaction costs	116,844				

*Other Costs includes taxes and any other costs other than commissions incurred by the sub-fund when buying and selling an underlying investment.

Aegon Ethical Corporate Bond Fund

Notes to the Financial Statements (continued)

13 Portfolio transaction costs (continued)

The purchases and sales are not subject to portfolio transaction costs.

Portfolio transaction costs are incurred by the sub-fund when buying and selling underlying investments. These vary depending on the class of investment, country of exchange and method of execution. These costs can be classified as either direct or indirect transaction costs:

- Direct transaction costs: Broker commissions, fees and taxes.
- Indirect transaction costs: 'Dealing spread' - the difference between the buying and selling prices of the sub-fund's underlying investments.

In order to protect existing investors from the effects of dilution, portfolio transaction costs incurred as a result of investors buying and selling shares in the sub-fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

At the balance sheet date, the portfolio dealing spread was 1.00% (2019: 0.79%), being the difference between the respective bid and offer prices for the sub-fund's investments.

14 Fair value hierarchy

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The fair value hierarchy has the following levels:

Level 1 – Unadjusted quoted price in an active market for an identical instrument.

Level 2 – Valuation techniques using observable inputs other than quoted prices within level 1.

Level 3 – Valuation techniques using unobservable inputs.

Basis of valuation	2020		2019	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
1 - Unadjusted quoted prices	-	-	-	-
2 - Observable market data	439,879	-	466,101	-
3 - Unobservable data	-	-	-	-
	439,879	-	466,101	-

15 Share classes

The sub-fund currently has two share classes; A (Retail) and B (Institutional). The ACD's periodic charge on each share class is as follows:

A share class: 1.00%
B share class*: 0.45%

*The B share class ACD fee changed from 0.50% to 0.45% on 1 January 2020.

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative tables on pages 193 to 195. The distribution per share class is given in the distribution tables on pages 206 and 207. All share classes have the same rights on winding up.

Share class movement reconciliation

31 July 2020	Opening	Creations	Cancellations	Converted	Closing
A Accumulation	46,198,899	4,003,824	(45,800,389)	(64,541)	4,337,793
A Income	3,203,873	69,768	(2,758,949)	(265,793)	248,899
B Accumulation	105,703,654	66,031,655	(54,103,568)	1,363,556	118,995,297
B Income	167,830,127	55,224,604	(44,897,682)	1,368,809	179,525,858
D Accumulation*	1,880,924	271,887	(150,215)	(2,002,596)	-
D Income*	1,065,327	41,240	(111,467)	(995,100)	-

*Share classes closed on 3 February 2020.

16 Post balance sheet events

The table below shows the net asset values per share as at the balance sheet date, compared against values as at 23 November 2020 and the percentage movement in that period:

Net assets per share

	31 July 2020	23 November 2020	Movement
A Accumulation	238.15	241.69	1.49%
A Income	119.98	121.12	0.95%
B Accumulation	211.45	214.96	1.66%
B Income	107.61	108.67	0.99%

Aegon Ethical Corporate Bond Fund

Distribution Tables

Share Class A Accumulation

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2018/19 Total Paid
31/10/19	31/12/19	Group 1	1.2434	N/A	1.2434	1.3366
		Group 2	0.7114	0.5320		
31/01/20	31/03/20	Group 1	1.2742	N/A	1.2742	1.3005
		Group 2	0.6316	0.6426		
30/04/20	30/06/20	Group 1	1.2386	N/A	1.2386	1.3011
		Group 2	0.7810	0.4576		
31/07/20	30/09/20	Group 1	1.3026	N/A	1.3026	1.3210
		Group 2	0.4946	0.8080		

Share Class A Income

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2018/19 Total Paid
31/10/19	31/12/19	Group 1	0.6401	N/A	0.6401	0.7048
		Group 2	0.2312	0.4089		
31/01/20	31/03/20	Group 1	0.6525	N/A	0.6525	0.6816
		Group 2	0.4047	0.2478		
30/04/20	30/06/20	Group 1	0.6306	N/A	0.6306	0.6778
		Group 2	0.1180	0.5126		
31/07/20	30/09/20	Group 1	0.6595	N/A	0.6595	0.6843
		Group 2	0.1757	0.4838		

Share Class B Accumulation

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2018/19 Total Paid
31/10/19	31/12/19	Group 1	1.3542	N/A	1.3542	1.4124
		Group 2	0.6262	0.7280		
31/01/20	31/03/20	Group 1	1.3933	N/A	1.3933	1.3814
		Group 2	0.6913	0.7020		
30/04/20	30/06/20	Group 1	1.3731	N/A	1.3731	1.3807
		Group 2	0.6083	0.7648		
31/07/20	30/09/20	Group 1	1.4417	N/A	1.4417	1.4143
		Group 2	0.7065	0.7352		

Share Class B Income

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2018/19 Total Paid
31/10/19	31/12/19	Group 1	0.7080	N/A	0.7080	0.7601
		Group 2	0.3240	0.3840		
31/01/20	31/03/20	Group 1	0.7237	N/A	0.7237	0.7379
		Group 2	0.3396	0.3841		
30/04/20	30/06/20	Group 1	0.7080	N/A	0.7080	0.7323
		Group 2	0.3924	0.3156		
31/07/20	30/09/20	Group 1	0.7383	N/A	0.7383	0.7448
		Group 2	0.3098	0.4285		

All distributions above are in pence per share unless specifically stated.

*Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being a capital repayment, it is not liable to income tax but must be deducted from the cost of the shares for capital gains tax purposes.

Aegon Ethical Corporate Bond Fund

Distribution Tables (continued)

Share Class D Accumulation**

Period end	Pay date	Group	Net Revenue	Equalisation*	Total Payable	2018/19 Total Payable
31/10/19	31/12/19	Group 1	0.8032	N/A	0.8032	0.8495
		Group 2	0.3305	0.4727		
31/01/19	31/03/20	Group 1	0.8221	N/A	0.8221	0.8289
		Group 2	0.4199	0.4022		
30/04/20	30/06/20	Group 1	-	-	-	0.8286
		Group 2	-	-		
31/07/20	30/09/20	Group 1	-	-	-	0.8453
		Group 2	-	-		

Share Class D Income**

Period end	Pay date	Group	Net Revenue	Equalisation*	Total Payable	2018/19 Total Payable
31/10/19	31/12/19	Group 1	0.6667	N/A	0.6667	0.7240
		Group 2	0.2511	0.4156		
31/01/19	31/03/20	Group 1	0.6784	N/A	0.6784	0.7018
		Group 2	0.3004	0.3780		
30/04/20	30/06/20	Group 1	-	-	-	0.6974
		Group 2	-	-		
31/07/20	30/09/20	Group 1	-	-	-	0.7064
		Group 2	-	-		

All distributions above are in pence per share unless specifically stated.

*Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being a capital repayment, it is not liable to income tax but must be deducted from the cost of the shares for capital gains tax purposes.

**Share classes closed on 3 February 2020.

Aegon Ethical Equity Fund

Fund objective*

The investment objective is to provide a combination of income and capital growth over any 7 year period. The sub-fund will invest at least 80% in equities of companies which are listed, quoted or traded in UK markets or which have their headquarters or a significant part of their activities in the UK but which may also be quoted on a regulated market outside of the UK. The sub-fund operates an ethical screen which means that the sub-fund may not invest in particular industries and sectors. In all cases, the investments of the sub-fund will meet the sub-fund's predefined ethical criteria.

Risk profile

The sub-fund is designed for retail and institutional investors seeking pooled exposure to UK equity stocks while pursuing an ethical investment policy which excludes unethical activity. Investors in this sub-fund should be comfortable with a higher level of investment risk. In most cases, we expect the sub-fund to be held as part of a diversified portfolio which may include other assets such as equities, bonds, property and cash. While investors will normally be able to liquidate their holdings on a daily basis, unit prices will fluctuate and may fall significantly in value. Consequently, it is important to understand that the sub-fund should be viewed as a longer term investment.

The sub-fund is actively managed and exposed to a range of risks, which are listed and defined in the Aegon Asset Management UK ICVC Prospectus. The most material risks from this list also appear in our Key Investor Information documents (KIID) where they are summarised in an easy-to-read format. You can find both of these documents on our website at www.aegonam.com.

Performance**

The Aegon Ethical Equity Fund returned (3.39)% compared to the peer group median return of (15.46)%. The peer group is the Investment Association UK All Companies sector.

Strategy review***

Over the year equity markets experienced a rollercoaster ride with volatility spiking to unprecedented levels. The backdrop was relatively positive initially as encouraging economic data, coupled with low interest rates, boosted markets. However, the onset of the Covid-19 pandemic in the first quarter of 2020 led to an incredibly sharp sell-off in markets as economies were forced into lockdown. The subsequent efforts of both governments and central banks to support economies settled investor nerves to an extent and allowed markets to rally significantly up to the year-end.

In this turbulent environment the sub-fund finished the year with a negative absolute return, given almost all areas of the stock market were affected. Relative to the peer group median, however, the sub-fund strongly outperformed with both sector allocation and stock selection adding value.

Within sector allocation, the sub-fund benefited from its overweight exposure to the support services and software & computer services sectors as these areas performed relatively well in the challenging conditions. Having no positions in either oil & gas producers or banks was also beneficial, as was the preference for owning businesses with financial strength. In contrast, the lack of exposure to many of the more traditional defensive sectors, such as pharmaceuticals, detracted.

Stock selection was the main driver of the outperformance. The key positive contributors included stocks that experienced less operational disruption from the coronavirus and, latterly, those that were beneficiaries of lockdowns easing. For example, Avast (a leading global consumer cyber security business) is a beneficiary of more working from home. It provides a diversified product offer and is actively increasing customer monetisation. A proportion of its revenues are recurring, giving the company reasonable visibility and strong cash flow generation. Gamma Communications, the disruptive telecoms business which provides data and cloud-based connectivity solutions, also performed well. The company is cash generative, has a strong balance sheet and looks well-set to continue to pay its dividend. Elsewhere, global growth play, Diploma (a supplier of specialist technical products and services) also added value. Within the domestically-focused names, the more defensive businesses delivered better relative returns such as Pennon (agreed the sale of its waste business) and Softcat (IT services business).

Stocks held that detracted included many of the more consumer-related domestic names as well as selective global cyclical. Informa, for example, underperformed as its events business, which is two thirds of revenues, faced material short-term disruption due to Covid-19. We believe Informa is a well-managed, cash generative business with strong franchises.

Outlook

Short term volatility could be a feature for the remainder of 2020. However, this can provide an opportunity for bottom-up investors and our overall, longer-term outlook is positive.

*Please note that the sub-fund's objective has been updated effective 7 September 2020. The latest update can be found in the sub-fund's prospectus at www.aegonam.com.

**Source: Lipper, % growth, income re-invested at pay date, NAV-NAV, GBP, net of Basic Rate Tax. Index returns are gross of Basic Rate Tax. Investors are invited to compare the sub-fund's performance against the performance of other funds within the Investment Association All UK Companies Sector. Comparison of the sub-fund against this Sector will give investors an indication of how the sub-fund is performing compared with funds investing in a similar but not identical investment universe and comprising ethical and non-ethically screened funds, demonstrating the value of the sub-fund's ethical screen against non-ethically screened funds. This comparison should be performed over at least a 7 year period to provide the most useful long term comparison.

***General references to markets and indices are to be considered as general market commentary only and (i) are not to be considered as a comparison of sub-fund performance against a benchmark (unless otherwise disclosed as such); and (ii) the index or indices do not operate as a performance target and the sub-fund's portfolio is not constrained by the index or indices.

Aegon Ethical Equity Fund

Material portfolio changes			
Top ten purchases	31 July 2020	Top ten sales	31 July 2020
	£'000		£'000
Avast	10,960	Entertainment One	15,990
London Stock Exchange	10,175	HomeServe	13,721
Dunelm	7,184	Cairn Energy	7,960
Lancashire	6,759	Just Eat	6,966
CRH	5,628	Keywords Studios	5,907
Grainger	5,502	Sage	5,131
Just Eat	4,818	Aveva	5,030
Trainline	4,729	BT	4,441
4imprint	4,661	Network International	4,324
Paragon	4,619	Howden Joinery	4,230

Aegon Ethical Equity Fund

Comparative Tables

A Accumulation shares	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	193.65	202.49	191.61
Return before operating charges*	(6.49)	(5.97)	13.92
Operating charges	(2.97)	(2.87)	(3.04)
Return after operating charges*	(9.46)	(8.84)	10.88
Distributions	(1.40)	(2.27)	(2.62)
Retained distributions on accumulation shares	1.40	2.27	2.62
Closing net asset value per share	184.19	193.65	202.49
 *after direct transaction costs of	 0.26	 0.36	 0.45
Performance			
Return after charges	(4.89)%	(4.37)%	5.68%
Other information			
Closing net asset value (£'000)	7,257	107,143	121,889
Closing number of shares	3,939,769	55,328,523	60,196,349
Operating charges	1.53%	1.53%	1.53%
Direct transaction costs	0.13%	0.19%	0.23%
Prices			
Highest share price	224.43	204.94	208.33
Lowest share price	140.47	164.38	187.42

B Accumulation shares	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	224.55	233.04	218.88
Return before operating charges*	(7.62)	(6.80)	15.94
Operating charges	(1.75)	(1.69)	(1.78)
Return after operating charges*	(9.37)	(8.49)	14.16
Distributions	(3.32)	(4.24)	(4.72)
Retained distributions on accumulation shares	3.32	4.24	4.72
Closing net asset value per share	215.18	224.55	233.04
 *after direct transaction costs of	 0.30	 0.41	 0.51
Performance			
Return after charges	(4.17)%	(3.64)%	6.47%
Other information			
Closing net asset value (£'000)	434,018	381,994	432,279
Closing number of shares	201,700,572	170,115,136	185,493,249
Operating charges	0.78%	0.78%	0.78%
Direct transaction costs	0.13%	0.19%	0.23%
Prices			
Highest share price	261.34	236.00	239.43
Lowest share price	163.67	189.77	214.95

Highest and Lowest share prices are based on official published daily NAVs priced at 12 noon on the last business day of the year. The closing net asset value per share is at close of business.

Aegon Ethical Equity Fund

Comparative Tables (continued)

B Income shares	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	155.15	164.11	157.31
Return before operating charges*	(5.25)	(4.78)	11.47
Operating charges	(1.21)	(1.19)	(1.28)
Return after operating charges*	(6.46)	(5.97)	10.19
Distributions	(2.29)	(2.99)	(3.39)
Retained distributions on accumulation shares	-	-	-
Closing net asset value per share	146.40	155.15	164.11
 *after direct transaction costs of	 0.21	 0.29	 0.37
Performance			
Return after charges	(4.16)%	(3.64)%	6.48%
Other information			
Closing net asset value (£'000)	44,203	50,459	49,954
Closing number of shares	30,193,062	32,523,755	30,439,886
Operating charges	0.78%	0.78%	0.78%
Direct transaction costs	0.13%	0.19%	0.23%
Prices			
Highest share price	180.56	166.19	172.08
Lowest share price	113.08	133.63	154.48

D Accumulation shares**	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	171.30	178.23	167.82
Return before operating charges*	20.78	(5.22)	12.21
Operating charges	(0.96)	(1.71)	(1.80)
Return after operating charges*	19.82	(6.93)	10.41
Distributions	-	(2.83)	(3.18)
Retained distributions on accumulation shares	-	2.83	3.18
Redemption value	(191.12)	-	-
Closing net asset value per share	-	171.30	178.23
 *after direct transaction costs of	 0.24	 0.31	 0.39
Performance			
Return after charges	11.57%	(3.89)%	6.20%
Other information			
Closing net asset value (£'000)	-	3,051	3,735
Closing number of shares	-	1,780,922	2,095,527
Operating charges	-	1.03%	1.03%
Direct transaction costs	-	0.19%	0.23%
Prices			
Highest share price	196.11	180.46	183.20
Lowest share price	161.39	144.98	164.58

Highest and Lowest share prices are based on official published daily NAVs priced at 12 noon on the last business day of the year. The closing net asset value per share is at close of business.

**Share class closed on 3 February 2020.

Aegon Ethical Equity Fund

Portfolio Statement

The sub-fund's investments as at 31 July 2020

Holding	Investment	Market valuation £'000	Total net assets %
Equities 99.39% (31 July 2019 94.99%)			
Basic Materials 1.28% (31 July 2019 1.89%)			
332,470	Victrex	6,227	1.28
		6,227	1.28
Consumer Goods 9.68% (31 July 2019 8.99%)			
289,568	A.G. Barr	1,244	0.26
335,178	Bellway	8,530	1.76
706,000	Coca-Cola	14,134	2.91
2,546,899	Countryside Properties	7,213	1.48
1,670,000	Tate & Lyle	10,872	2.24
333,247	Team17	2,026	0.42
1,152,918	Watches of Switzerland	2,986	0.61
		47,005	9.68
Consumer Services 16.48% (31 July 2019 16.60%)			
180,440	4imprint	4,285	0.88
2,003,141	Ascential	5,405	1.11
1,800,282	Auto Trader	9,657	1.99
700,000	Dunelm	8,603	1.77
1,648,207	Informa	6,095	1.26
137,862	Just Eat	11,371	2.34
2,189,437	Moneysupermarket.com	6,433	1.33
1,359,076	RELX	21,942	4.52
1,518,621	Trainline	6,208	1.28
		79,999	16.48
Financials 25.89% (31 July 2019 23.32%)			
651,624	AJ Bell	2,812	0.58
2,296,717	Brewin Dolphin	6,017	1.24
237,606	Derwent London	6,829	1.41
1,700,000	Grainger	4,930	1.02
94,304	Hargreaves Lansdown	1,649	0.34
1,573,731	Impax Environmental Markets	5,248	1.08
618,732	IntegraFin	3,347	0.69
3,245,000	John Laing	9,573	1.97
6,880,838	Just	3,081	0.63
860,000	Lancashire	6,656	1.37
2,930,142	Legal & General	6,268	1.29
139,000	London Stock Exchange	11,790	2.43
910,000	Paragon	2,857	0.59
1,759,371	Phoenix	11,584	2.39
1,187,862	Prudential	13,126	2.70
180,129	Rathbone Brothers	2,915	0.60
111,705	Schroders	3,311	0.68
2,169,155	Secure Income REIT*	5,705	1.17
2,093,750	Standard Life Aberdeen	5,241	1.08
1,358,910	Unite	12,753	2.63
		125,692	25.89
Health Care 0.80% (31 July 2019 1.02%)			
2,015,667	Advanced Medical Solutions	3,866	0.80
		3,866	0.80

Aegon Ethical Equity Fund

Portfolio Statement (continued)

Holding	Investment	Market valuation £'000	Total net assets %
Industrials 21.69% (31 July 2019 22.59%)			
230,000	Ashtead	5,598	1.15
219,325	Clarkson	4,496	0.93
235,000	CRH	6,498	1.34
910,000	Diploma	16,498	3.40
2,244,509	DS Smith	5,860	1.21
165,000	Ferguson	11,204	2.31
1,250,000	Grafton	8,038	1.65
1,155,000	Howden Joinery	5,662	1.17
456,718	Oxford Instruments	6,138	1.26
1,294,314	Polypipe	5,236	1.08
73,358	Renishaw	3,546	0.73
1,311,064	Robert Walters	5,428	1.12
1,539,902	Sanne	9,686	1.99
330,000	Spectris	8,474	1.74
1,415,469	Strix	2,951	0.61
710,400	TMO Renewables**	-	-
		105,313	21.69
Oil & Gas 0.00% (31 July 2019 1.80%)			
Technology 15.78% (31 July 2019 12.50%)			
2,773,009	Avast	15,917	3.28
375,000	Aveva	15,544	3.20
137,500	Craneware	2,248	0.46
477,543	FDM	4,436	0.92
2,720,930	GB Group	18,149	3.74
1,200,000	Sage	8,750	1.80
917,476	Softcat	11,560	2.38
		76,604	15.78
Telecommunications 4.10% (31 July 2019 3.86%)			
2,850,000	BT	2,809	0.58
1,084,135	Gamma Communications	17,075	3.52
		19,884	4.10
Utilities 3.69% (31 July 2019 2.42%)			
951,560	Pennon	10,134	2.08
600,146	SSE	7,805	1.61
		17,939	3.69
Portfolio of investments		482,529	99.39
Net other assets		2,949	0.61
Total net assets attributable to shareholders		485,478	100.00

The comparative percentage figures in brackets are at 31 July 2019.

All investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market, unless otherwise stated.

As all holdings are equity shares there is no analysis of the portfolio by asset class.

*Real Estate Investment Trust.

**Unlisted, suspended and delisted.

Aegon Ethical Equity Fund

Statement of Total Return for the year ended 31 July 2020

			2020		2019
	Note	£'000	£'000	£'000	£'000
Income					
Net capital losses	2		(29,388)		(34,749)
Revenue	3	11,816		15,022	
Expenses	4	(4,657)		(5,131)	
Interest payable and similar charges		(2)		(2)	
Net revenue before taxation		7,157		9,889	
Taxation	5	(11)		(5)	
Net revenue after taxation			7,146		9,884
Total return before distributions			(22,242)		(24,865)
Distributions	6		(7,686)		(9,891)
Change in net assets attributable to shareholders from investment activities			(29,928)		(34,756)

Statement of Change in Net Assets Attributable to Shareholders for the year ended 31 July 2020

		2020		2019
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		542,647		607,857
Amounts receivable on issue of shares	102,873		75,005	
Amounts payable on cancellation of shares	(136,877)		(113,983)	
		(34,004)		(38,978)
Dilution adjustment		13		-
Change in net assets attributable to shareholders from investment activities		(29,928)		(34,756)
Retained distribution on accumulation shares		6,750		8,524
Closing net assets attributable to shareholders		485,478		542,647

Aegon Ethical Equity Fund

Balance Sheet as at 31 July 2020

			2020		2019
	Note	£'000	£'000	£'000	£'000
Assets					
Fixed assets:					
Investments			482,529		515,470
Current assets:					
Debtors	7	2,102		4,769	
Cash and bank balances	8	4,030		25,132	
			6,132		29,901
Total assets			488,661		545,371
Liabilities					
Creditors					
Distributions payable		691		972	
Other creditors	9	2,492		1,752	
Total liabilities			3,183		2,724
Net assets attributable to shareholders			485,478		542,647

Aegon Ethical Equity Fund

Notes to the Financial Statements

1 Accounting policies

The sub-fund's financial statements have been prepared on the basis disclosed on pages 12 to 14.

2 Net capital losses

Net capital losses comprise:

	2020	2019
	£'000	£'000
Losses on non-derivative securities	(29,421)	(34,686)
Currency exchange gains/(losses)	36	(59)
Transaction charges	(3)	(4)
Net capital losses	(29,388)	(34,749)

3 Revenue

	2020	2019
	£'000	£'000
UK dividends	10,511	13,122
Non-taxable overseas dividends	488	827
Property income from REITs	727	888
Bank interest	90	185
Total revenue	11,816	15,022

4 Expenses*

	2020	2019
	£'000	£'000
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	4,507	4,955
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary fee	95	114
Other expenses:		
Audit fee**	9	9
FT publishing fee	4	4
Legal fees	4	-
PRIIPs fees	1	4
Registrar's fee	19	23
Safe custody charge	18	22
	55	62
Total expenses	4,657	5,131

*All expenditure stated above is inclusive of irrecoverable VAT where applicable.

**The audit fee (excluding VAT) incurred during the year was £8,500 (2019: £7,715).

5 Taxation

a) Analysis of charge in the year

	2020	2019
	£'000	£'000
Current tax:		
Overseas tax suffered	11	5
Total tax charge for the year (see note 5 (b))	11	5

Aegon Ethical Equity Fund

Notes to the Financial Statements (continued)

5 Taxation (continued)

b) Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019: lower than) the standard rate of corporation tax for Open Ended Investment Companies 'OEICs' (20%).

The differences are explained below:

	2020	2019
	£'000	£'000
Net revenue before taxation	7,157	9,889
Corporation tax 20% (2019: 20%)	1,431	1,978
Effects of:		
Movement in excess expenses	767	811
Overseas withholding tax	11	5
RDR conversion transfer from capital	1	-
Revenue not subject to taxation	(2,199)	(2,789)
Total tax charge for the year (see note 5 (a))	11	5

c) Factors that may affect future tax charges

After claiming relief against accrued revenue taxable on receipt, the sub-fund has unrelieved excess expenses of £52,931,000 (2019: £49,097,000). It is unlikely that the sub-fund will generate sufficient taxable profits in the future to utilise these expenses and therefore a deferred tax asset of £10,586,000 (2019: £9,819,000) has not been recognised.

6 Distributions

a) Distributions

The distributions take account of amounts receivable on the issue of shares and amounts deductible on the cancellation of shares, and comprise:

	2020	2019
	£'000	£'000
Final distribution	7,441	9,496
	7,441	9,496
Add: amounts deductible on cancellation of shares	1,014	1,055
Less: amounts receivable on creation of shares	(769)	(660)
Distributions	7,686	9,891

Details of the distributions are set out in the tables on page 221.

b) Movement between net revenue and distribution

	2020	2019
	£'000	£'000
Net revenue after taxation	7,146	9,884
Equalisation on conversions	540	7
Distributions	7,686	9,891

7 Debtors

	2020	2019
	£'000	£'000
Accrued revenue	995	1,166
Amounts receivable for the issue of shares	647	882
Sales awaiting settlement	460	2,711
UK Income tax recoverable	-	10
Debtors	2,102	4,769

8 Cash and bank balances

	2020	2019
	£'000	£'000
Cash and bank balances	4,030	1,545
Money market deposits	-	23,587
Cash and bank balances	4,030	25,132

Aegon Ethical Equity Fund

Notes to the Financial Statements (continued)

9 Other creditors

	2020	2019
	£'000	£'000
Accrued ACD periodic charge	322	419
Accrued other expenses	46	40
Amounts payable for cancellation of shares	903	1,293
Purchases awaiting settlement	1,221	-
Other creditors	2,492	1,752

10 Related parties

Related party interests in the sub-fund are disclosed in Note 6 of the Accounting Policies on page 17. Amounts due to the ACD as at year end for the ACD periodic charge and amounts due to the ACD for outstanding cancellations are disclosed in Note 9. Amounts receivable from the ACD as at year end for outstanding issue of shares are disclosed in Note 7. At the year-end 14.81% (2019: 14.35%) of the shares in issue were owned by AEGON Group or AEGON UK companies.

11 Contingent assets, liabilities and commitments

There were no contingent assets, liabilities or commitments present in the sub-fund as at 31 July 2020 (2019: Nil).

12 Financial instruments and risk

The risks associated with the sub-fund are market, concentration, valuation, yield, liquidity, counterparty, and interest rate risk. Narrative disclosures are on pages 15 to 17.

VaR Disclosure

The Manager assesses the market risk of the sub-fund's investments, including any derivative exposure, using a value at risk methodology. This process provides the Manager with an estimate of the maximum potential loss that could be expected to occur as a result of changes in market prices over a given period of time in all but a given percentage of circumstances. The value at risk is calculated on a 95.00% (2019: 95.00%) confidence interval with a one month time horizon and a five year history, using Historical model. The sub-fund has an absolute VaR limit of 14.10% (2019: 14.10%). As at the balance sheet date, the sub-fund's value at risk is 6.96% (2019: 5.82%).

The following table details the lowest, highest and average utilisation of the VaR limit:

	Lowest Utilisation (%)	Highest Utilisation (%)	Average Utilisation (%)
31 July 2020	4.96	7.02	5.82
31 July 2019	4.38	6.27	5.58

Leverage

As the sub-fund has not traded in derivatives throughout the year there is no significant exposure to leverage.

Counterparty risk

As the sub-fund has not traded in derivatives throughout the year there is no significant counterparty risk.

13 Portfolio transaction costs

Purchases

	Value £'000	Commissions £'000	%	Other Costs* £'000	%
31 July 2020					
Equities	123,681	86	0.07	526	0.43
Total	123,681	86		526	
Total purchases including transaction costs	124,293				
31 July 2019					
Equities	184,084	130	0.07	754	0.41
Total	184,084	130		754	
Total purchases including transaction costs	184,968				

*Other Costs includes taxes and any other costs other than commissions incurred by the sub-fund when buying and selling an underlying investment.

Aegon Ethical Equity Fund

Notes to the Financial Statements (continued)

14 Portfolio transaction costs (continued)

Sales

31 July 2020	Value £'000	Commissions £'000	%	Other Costs* £'000	%
Equities	127,893	(79)	0.06	-	-
Total	127,893	(79)		-	
Total sales net of transaction costs	127,814				
31 July 2019	Value £'000	Commissions £'000	%	Other Costs* £'000	%
Equities	225,351	(158)	0.07	-	-
Total	225,351	(158)		-	
Total sales net of transaction costs	225,193				

*Other Costs includes taxes and any other costs other than commissions incurred by the sub-fund when buying and selling an underlying investment.

Portfolio transaction costs are incurred by the sub-fund when buying and selling underlying investments. These vary depending on the class of investment, country of exchange and method of execution. These costs can be classified as either direct or indirect transaction costs:

- Direct transaction costs: Broker commissions, fees and taxes.
- Indirect transaction costs: 'Dealing spread' - the difference between the buying and selling prices of the sub-fund's underlying investments.

In order to protect existing investors from the effects of dilution, portfolio transaction costs incurred as a result of investors buying and selling shares in the sub-fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

At the balance sheet date, the portfolio dealing spread was 0.16% (2019: 0.17%), being the difference between the respective bid and offer prices for the sub-fund's investments.

15 Fair value hierarchy

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The fair value hierarchy has the following levels:

Level 1 – Unadjusted quoted price in an active market for an identical instrument.

Level 2 – Valuation techniques using observable inputs other than quoted prices within level 1.

Level 3 – Valuation techniques using unobservable inputs.

Basis of valuation	2020		2019	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
1 - Unadjusted quoted prices	482,529	-	515,470	-
2 - Observable market data	-	-	-	-
3 - Unobservable data	-	-	-	-
	482,529	-	515,470	-

16 Share classes

The sub-fund currently has two share classes; A (Retail) and B (Institutional). The ACD's periodic charge on each share class is as follows:

A share class: 1.50%

B share class: 0.75%

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative tables on pages 210 and 211. The distribution per share class is given in the distribution tables on page 221. All share classes have the same rights on winding up.

Share class movement reconciliation

31 July 2020	Opening	Creations	Cancellations	Converted	Closing
A Accumulation	55,328,523	6,448,987	(7,539,529)	(50,298,212)	3,939,769
B Accumulation	170,115,136	33,736,054	(46,443,434)	44,292,816	201,700,572
B Income	32,523,755	10,810,638	(13,290,830)	149,499	30,193,062
D Accumulation*	1,780,922	40,476	(172,511)	(1,648,887)	-

*Share class closed on 3 February 2020.

Aegon Ethical Equity Fund

Notes to the Financial Statements (continued)

17 Post balance sheet events

The table below shows the net asset values per share as at the balance sheet date, compared against values as at 23 November 2020 and the percentage movement in that period:

Net assets per share			
	31 July 2020	23 November 2020	Movement
A Accumulation	184.19	205.72	11.69%
B Accumulation	215.18	240.90	11.95%
B Income	146.40	163.90	11.95%

Following the COVID-19 outbreak there has been an on-going period of high volatility in global financial markets. As a result, we have witnessed significant movements in the net asset value of the sub-fund since the balance sheet date. During the period from the balance sheet date to 23 November 2020, the net asset value per B Accumulation share has increased by 11.95%.

Aegon Ethical Equity Fund

Distribution Tables

Share Class A Accumulation

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2019 Total Paid
31/07/20	30/11/20	Group 1	1.4032	N/A	1.4032	2.2677
		Group 2	0.7213	0.6819		

Share Class B Accumulation

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2019 Total Paid
31/07/20	30/11/20	Group 1	3.3190	N/A	3.3190	4.2437
		Group 2	1.3948	1.9242		

Share Class B Income

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2019 Total Paid
31/07/20	30/11/20	Group 1	2.2902	N/A	2.2902	2.9884
		Group 2	1.0918	1.1984		

Share Class D Accumulation**

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2019 Total Paid
31/07/20	30/11/20	Group 1	-	-	-	2.8280
		Group 2				

All distributions above are in pence per share unless specifically stated.

*Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being a capital repayment, it is not liable to income tax but must be deducted from the cost of the shares for capital gains tax purposes.

** Share class closed on 3 February 2020.

Aegon Ethical Cautious Managed Fund

Fund objective*

The investment objective is to provide a combination of income and capital growth over any 7 year period. The sub-fund invests in a diversified portfolio of equities denominated in any currency; and corporate bonds denominated in Sterling and issued anywhere in the world. Equities will be limited to a maximum of 60% of the sub-fund's value at all times. The sub-fund operates an ethical screen which means that the sub-fund may not invest in particular industries and sectors. In all cases, the investments of the sub-fund will meet the sub-fund's predefined ethical criteria. The sub-fund is actively managed and the portfolio may at any one time be allocated more towards equities or bonds depending on the ACD's view on the current market conditions.

Risk profile

The sub-fund is designed for retail and institutional investors seeking pooled exposure to a mixture of UK equities and sterling fixed income securities, while pursuing an ethical investment policy which excludes unethical activity. Investors in this sub-fund should be comfortable with a higher level of investment risk. In most cases, we expect the sub-fund to be held as part of a diversified portfolio which may include other assets such as bonds, equities, property and cash. While investors will normally be able to liquidate their holdings on a daily basis, unit prices will fluctuate and may fall significantly in value. Consequently, it is important to understand that the sub-fund should be viewed as a longer term investment.

The sub-fund is actively managed and exposed to a range of risks, which are listed and defined in the Aegon Asset Management UK ICVC Prospectus. The most material risks from this list also appear in our Key Investor Information documents (KIID) where they are summarised in an easy-to-read format. You can find both of these documents on our website at www.aegonam.com.

Performance**

The Aegon Ethical Cautious Managed Fund returned 0.36% compared to the peer group median return of (2.21)%. The peer group is the Investment Association Mixed Investment 20-60% Shares sector.

Strategy review***

Over the year equity markets experienced a rollercoaster ride with volatility spiking to unprecedented levels. The backdrop was relatively positive initially as encouraging economic data, coupled with low interest rates, boosted markets. However, the onset of the Covid-19 pandemic in the first quarter of 2020 led to an incredibly sharp sell-off in markets as economies were forced into lockdown. The subsequent efforts of both governments and central banks to support economies settled investor nerves to an extent and allowed markets to rally significantly up to the year-end. Bond markets also benefited from this support, with both government and corporate bond markets posting positive return for the year as a whole with the latter outperforming the former.

In this extremely challenging backdrop, the sub-fund produced a small positive absolute return and significantly outperformed its peer group median.

The equity portfolio within the sub-fund performed strongly during the first half of the year with stock selection the main driver. Among the best performing stocks were a number of our global growth plays, such as technology company Aveva and Diploma (a supplier of specialist technical products and services). Global multimedia company Entertainment One also added value, following an all-cash bid from Hasbro in August. Within the domestically focused names, utilities company Pennon added value.

Within the fixed income portfolio, we tended to limit the amount of credit risk and therefore it held a relatively defensive stance. We were, however, very active in the new issue market and took advantage of some attractive new issuance when opportunities arose. While volatile, our positioning added value overall as we approached the end of 2019.

With the backdrop deteriorating as we moved further into 2020, the sub-fund's UK equities portfolio came under significant pressure. The lack of exposure to traditional defensive sectors such as pharmaceuticals (driven by the ethical criteria) detracted, as did the exposure to a number of domestically-focused names. Having no positions in either oil & gas producers or banks was beneficial, as was the preference for owning businesses with financial strength.

As the backdrop improved following the interventions of governments and central banks, the key positive relative contributors included stocks seeing less disruption from the coronavirus and those that are beneficiaries of lockdowns easing. This included Avast, the global consumer cyber security business.

Within the bonds' portfolio, performance was generally good during the first two months of 2020 with our more cautious stance with regard to overall credit risk adding value. As the pandemic began to grip markets, our elevated exposure to cash and supranational paper - as well as the ethical screen - insulated the portfolio to a degree. However, the increasingly generic nature of the sell-off as the month went on meant that very few names were immune.

As the backdrop began to improve, we actively took part in the rally in corporate bond markets and looked to increase the level of risk within the portfolio as a result. This proved beneficial in absolute terms although we struggled to keep up with the full extent of the rally in credit markets.

Outlook

The ongoing challenging economic backdrop continues to cause concern, as will another round of cliff-edge Brexit negotiations. In this environment we expect central banks to continue offering support to economies which, in turn, can provide opportunities across asset classes.

*Please note that the sub-fund's objective has been updated effective 7 September 2020. The latest update can be found in the sub-fund's prospectus at www.aegonam.com.

**Source: Lipper, % growth, income re-invested at pay date, NAV-NAV, GBP, net of Basic Rate Tax. Index returns are gross of Basic Rate Tax. Investors are invited to compare the sub-fund's performance against the performance of other funds within the Investment Association All UK Companies Sector. Comparison of the sub-fund against this Sector will give investors an indication of how sub-fund Fund is performing compared with funds investing in a similar but not identical investment universe and comprising ethical and non-ethically screened funds, demonstrating the value of the sub-fund's ethical screen against non-ethically screened funds. This comparison should be performed over at least a 7 year period to provide the most useful long term comparison.

***General references to markets and indices are to be considered as general market commentary only and (i) are not to be considered as a comparison of sub-fund performance against a benchmark (unless otherwise disclosed as such); and (ii) the index or indices do not operate as a performance target and the sub-fund's portfolio is not constrained by the index or indices.

Aegon Ethical Cautious Managed Fund

Material portfolio changes

Top ten purchases	31 July 2020 £'000	Top ten sales	31 July 2020 £'000
Avast	4,025	Nordic Bank 0.625% 02/11/2021	8,324
London Stock Exchange	3,680	KFW 5.5% 18/06/2025	8,037
Dunelm	2,699	Entertainment One	6,996
Lancashire	2,634	HomeServe	5,648
Grainger	2,104	Network Rail Infrastructure Finance 4.625% 21/07/2020	5,054
CRH	2,036	Transport for London 2.25% 09/08/2022	4,685
Trainline	1,786	Cairn Energy	3,593
4imprint	1,754	Just Eat	2,990
Just Eat	1,736	Aveva	2,319
Paragon	1,649	Keywords Studios	2,314

Aegon Ethical Cautious Managed Fund

Comparative Tables

A Accumulation shares	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	184.00	185.11	179.96
Return before operating charges*	1.41	1.18	7.51
Operating charges	(2.38)	(2.29)	(2.36)
Return after operating charges*	(0.97)	(1.11)	5.15
Distributions	(2.21)	(2.58)	(2.99)
Retained distributions on accumulation shares	2.21	2.58	2.99
Closing net asset value per share	183.03	184.00	185.11
 *after direct transaction costs of	 0.10	 0.14	 0.20
Performance			
Return after charges	(0.53)%	(0.60)%	2.86%
Other information			
Closing net asset value (£'000)	3,867	26,317	35,787
Closing number of shares	2,112,585	14,302,395	19,333,210
Operating charges	1.29%	1.29%	1.28%
Direct transaction costs	0.06%	0.08%	0.11%
Prices			
Highest share price	200.50	186.47	187.78
Lowest share price	153.53	165.57	176.89

A Income shares	2020**	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	142.92	145.87	144.13
Return before operating charges*	1.29	0.87	6.00
Operating charges	(1.84)	(1.80)	(1.88)
Return after operating charges*	(0.55)	(0.93)	4.12
Distributions	(1.63)	(2.02)	(2.38)
Retained distributions on accumulation shares	-	-	-
Closing net asset value per share	140.74	142.92	145.87
 *after direct transaction costs of	 0.08	 0.11	 0.16
Performance			
Return after charges	(0.38)%	(0.64)%	2.86%
Other information			
Closing net asset value (£'000)	-	2,009	2,632
Closing number of shares	27	1,405,835	1,804,345
Operating charges	1.29%	1.29%	1.28%
Direct transaction costs	0.06%	0.08%	0.11%
Prices			
Highest share price	154.83	146.95	149.75
Lowest share price	118.56	129.91	140.80

Highest and Lowest share prices are based on official published daily NAVs priced at 12 noon on the last business day of the year. The closing net asset value per share is at close of business.

** The unrounded amount for the closing net asset value is £39.

Aegon Ethical Cautious Managed Fund

Comparative Tables (continued)

B Accumulation shares	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	136.68	136.96	132.61
Return before operating charges*	0.90	0.76	5.41
Operating charges	(1.08)	(1.04)	(1.06)
Return after operating charges*	(0.18)	(0.28)	4.35
Distributions	(2.18)	(2.44)	(2.75)
Retained distributions on accumulation shares	2.18	2.44	2.75
Closing net asset value per share	136.50	136.68	136.96
 *after direct transaction costs of	 0.08	 0.10	 0.15
Performance			
Return after charges	(0.13)%	(0.20)%	3.28%
Other information			
Closing net asset value (£'000)	322,194	349,010	434,378
Closing number of shares	236,041,795	255,352,490	317,167,194
Operating charges	0.79%	0.79%	0.78%
Direct transaction costs	0.06%	0.08%	0.11%
Prices			
Highest share price	149.27	138.01	138.67
Lowest share price	114.33	122.70	130.63

B Income shares	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	120.36	122.84	121.37
Return before operating charges*	0.81	0.63	4.94
Operating charges	(0.95)	(0.93)	(0.97)
Return after operating charges*	(0.14)	(0.30)	3.97
Distributions	(1.91)	(2.18)	(2.50)
Retained distributions on accumulation shares	-	-	-
Closing net asset value per share	118.31	120.36	122.84
 *after direct transaction costs of	 0.07	 0.09	 0.14
Performance			
Return after charges	(0.12)%	(0.24)%	3.27%
Other information			
Closing net asset value (£'000)	52,334	60,813	74,127
Closing number of shares	44,234,116	50,527,225	60,343,763
Operating charges	0.79%	0.79%	0.78%
Direct transaction costs	0.06%	0.08%	0.11%
Prices			
Highest share price	130.42	123.79	126.20
Lowest share price	99.89	109.46	118.58

Highest and Lowest share prices are based on official published daily NAVs priced at 12 noon on the last business day of the year. The closing net asset value per share is at close of business.

Aegon Ethical Cautious Managed Fund

Comparative Tables (continued)

D Accumulation shares**	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	151.48	152.10	147.57
Return before operating charges*	11.61	0.90	6.09
Operating charges	(0.85)	(1.52)	(1.56)
Return after operating charges*	10.76	(0.62)	4.53
Distributions	(1.07)	(2.42)	(2.75)
Retained distributions on accumulation shares	1.07	2.42	2.75
Redemption value	(162.24)	-	-
Closing net asset value per share	-	151.48	152.10
 *after direct transaction costs of	 0.09	 0.12	 0.17
Performance			
Return after charges	7.10%	(0.41)%	3.07%
Other information			
Closing net asset value (£'000)	-	3,475	4,431
Closing number of shares	-	2,293,854	2,913,024
Operating charges	-	1.04%	1.03%
Direct transaction costs	-	0.08%	0.11%
Prices			
Highest share price	163.87	153.24	154.12
Lowest share price	147.38	136.15	145.21

D Income shares**	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	133.86	136.63	134.99
Return before operating charges*	10.22	0.75	5.56
Operating charges	(0.75)	(1.36)	(1.42)
Return after operating charges*	9.47	(0.61)	4.14
Distributions	(0.94)	(2.16)	(2.50)
Retained distributions on accumulation shares	-	-	-
Redemption value	(142.39)	-	-
Closing net asset value per share	-	133.86	136.63
 *after direct transaction costs of	 0.08	 0.10	 0.15
Performance			
Return after charges	7.07%	(0.45)%	3.07%
Other information			
Closing net asset value (£'000)	-	980	1,115
Closing number of shares	-	732,063	815,805
Operating charges	-	1.04%	1.03%
Direct transaction costs	-	0.08%	0.11%
Prices			
Highest share price	144.19	137.66	140.31
Lowest share price	130.24	121.71	131.88

Highest and Lowest share prices are based on official published daily NAVs priced at 12 noon on the last business day of the year. The closing net asset value per share is at close of business.

**Share classes closed on 3 February 2020.

Aegon Ethical Cautious Managed Fund

Portfolio Statement

The sub-fund's investments as at 31 July 2020

Holding	Investment	Market valuation £'000	Total net assets %
Sterling Denominated Bonds 46.26% (31 July 2019 45.73%)			
Asset Backed Security 4.10% (31 July 2019 3.84%)			
240,000	Alpha Schools Highland Project 4.792% 31/01/2036	222	0.06
1,700,000	Arqiva Financing 4.882% 31/12/2032	1,624	0.43
1,370,000	Bishopsgate Asset Finance 4.808% 14/08/2044*	1,228	0.32
152,000	Dignity Finance 3.5456% 31/12/2034	125	0.03
1,100,000	Dignity Finance 4.6956% 31/12/2049*	858	0.23
1,350,000	Greater Gabbard 4.137% 29/11/2032	1,302	0.34
1,500,000	High Speed Rail Finance No.1 4.375% 01/11/2038	2,034	0.54
400,000	Paragon 3.625% 21/01/2047	506	0.13
1,800,000	Quadrant Housing Finance 7.93% 10/02/2033	2,380	0.63
400,000	Sustainable Communities for Leeds Finance 5.069% 30/09/2032	411	0.11
500,000	TC Dudgeon Ofco 3.158% 12/11/2038	569	0.15
1,500,000	Telereal Secured Finance 4.01% 10/12/2031	1,165	0.31
800,000	Telereal Securitisation 4.9741% 10/09/2027	515	0.14
160,000	Telereal Securitisation 6.1645% 10/12/2031	181	0.05
700,000	Trafford Centre Finance 6.5% 28/07/2033*	715	0.19
720,000	Trafford Centre Finance 7.03% 28/01/2029*	405	0.11
1,300,000	WoDS Transmission 3.446% 24/08/2034	1,263	0.33
		15,503	4.10
Corporate Bonds 42.16% (31 July 2019 41.89%)			
1,800,000	ABN AMRO Bank 2.375% 07/12/2021	1,846	0.49
1,100,000	ABP Finance 6.25% 14/12/2026	1,318	0.35
1,000,000	American International 5% 26/04/2023	1,097	0.29
650,000	AMP Group Finance Services 6.875% 23/08/2022*	690	0.18
700,000	APT Pipelines 3.5% 22/03/2030	791	0.21
800,000	APT Pipelines 4.25% 26/11/2024	900	0.24
1,700,000	Aroundtown 3.25% 18/07/2027	1,794	0.47
600,000	ASIF II 6.375% 05/10/2020	605	0.16
1,000,000	Aviva 6.125% Perpetual	1,086	0.29
1,600,000	AXA 5.625% 16/01/2054	2,007	0.53
2,800,000	Bank of Montreal 1.625% 21/06/2022	2,859	0.76
1,000,000	Bank of Scotland Capital Funding 7.754% Perpetual	1,033	0.27
1,000,000	Bazalgette Finance 2.375% 29/11/2027	1,082	0.29
1,800,000	Blend Funding 3.459% 21/09/2047	2,365	0.62
1,700,000	BPCE 5.25% 16/04/2029	2,133	0.56
1,490,000	BPHA Finance 4.816% 11/04/2044	2,353	0.62
400,000	British Land 5.264% 24/09/2035	537	0.14
488,000	British Land 5.357% 31/03/2028	606	0.16
1,200,000	Cadent Finance 2.625% 22/09/2038	1,357	0.36
800,000	Close Brothers Finance 2.75% 19/10/2026	853	0.23
800,000	CNP Assurances 7.375% 30/09/2041	852	0.23
300,000	Cooperatieve Rabobank 4.625% 13/01/2021	306	0.08
900,000	Cooperatieve Rabobank 5.25% 14/09/2027	1,116	0.29
500,000	Cooperatieve Rabobank 6.91% Perpetual	801	0.21
900,000	Coventry Building Society 1.875% 24/10/2023	931	0.25
1,400,000	CPUK Finance 7.239% 28/02/2024	1,584	0.42
6,100,000	Deutsche Bahn Finance 2.75% 20/06/2022	6,358	1.68
4,100,000	Deutsche Bahn Finance 3.125% 24/07/2026	4,709	1.24
650,000	Deutsche Telekom International Finance 6.5% 08/04/2022	713	0.19
656,000	Deutsche Telekom International Finance 7.625% 15/06/2030	1,031	0.27
2,400,000	Digital Stout 4.75% 13/10/2023	2,673	0.71
300,000	Direct Line Insurance 4% 05/06/2032	323	0.09
246,000	Direct Line Insurance 9.25% 27/04/2042	279	0.07
1,400,000	DWR Cymru Financing UK 1.625% 31/03/2026	1,412	0.37
800,000	Electricity North West 8.875% 25/03/2026	1,134	0.30
2,000,000	EMH Treasury 4.5% 29/01/2044	2,978	0.79
800,000	Esure 6.75% 19/12/2024	826	0.22

Aegon Ethical Cautious Managed Fund

Portfolio Statement (continued)

Holding	Investment	Market valuation £'000	Total net assets %
	Corporate Bonds (continued)		
500,000	Fiserv 3% 01/07/2031	568	0.15
1,200,000	Freshwater Finance 4.607% 17/10/2036	1,610	0.43
550,000	GLH Hotels 7.875% 20/06/2022*	590	0.16
1,800,000	Great Places Housing 4.75% 22/10/2042	2,675	0.71
1,800,000	Hammerson 3.5% 27/10/2025	1,613	0.43
8,200,000	International Bank for Reconstruction & Development 1% 19/12/2022	8,367	2.21
2,000,000	International Bank for Reconstruction & Development 5.4% 07/06/2021	2,088	0.55
200,000	International Bank for Reconstruction & Development 5.75% 07/06/2032	318	0.08
1,200,000	Investec 4.25% 24/07/2028	1,174	0.31
8,300,000	KFW 0.875% 15/03/2022	8,396	2.22
200,000	KFW 4.875% 15/03/2037	330	0.09
1,000,000	KFW 5% 10/09/2024	1,199	0.32
3,000,000	KFW 5.55% 07/06/2021	3,138	0.83
2,500,000	KFW 6% 07/12/2028	3,649	0.96
1,800,000	Land Securities Capital Markets 1.974% 08/02/2024	1,848	0.49
1,000,000	Legal & General 5.5% 27/06/2064	1,201	0.32
700,000	Legal & General 10% 23/07/2041	758	0.20
1,300,000	Liberty Living Finance 3.375% 28/11/2029	1,328	0.35
600,000	Libra Longhurst Treasury 3.25% 15/05/2043	730	0.19
1,100,000	Lloyds Banking 2.25% 16/10/2024	1,143	0.30
812,000	Lunar Funding I 5.75% 18/10/2033	1,202	0.32
900,000	Martlet Homes 3% 09/05/2052	1,142	0.30
700,000	Motability Operations 3.625% 10/03/2036	920	0.24
1,200,000	Motability Operations 5.375% 28/06/2022	1,306	0.35
600,000	Myriad Capital 4.75% 20/12/2043	913	0.24
1,100,000	National Express 2.5% 11/11/2023	1,107	0.29
1,000,000	National Grid Gas 1.375% 02/07/2031	1,030	0.27
8,000,000	Network Rail Infrastructure Finance 3% 07/09/2023	8,696	2.30
700,000	Northern Powergrid Northeast 1.875% 16/06/2062	748	0.20
400,000	Northern Powergrid Yorkshire 4.375% 05/07/2032	527	0.14
600,000	OP Corporate Bank 2.5% 20/05/2022	621	0.16
1,600,000	Orange 5.75% Perpetual	1,746	0.46
700,000	Orsted 4.875% 12/01/2032	980	0.26
1,000,000	Orsted 5.75% 09/04/2040	1,718	0.45
2,200,000	Phoenix 4.125% 20/07/2022	2,281	0.60
800,000	Places for People Homes 3.625% 22/11/2028	904	0.24
800,000	Platform HG Financing 1.625% 10/08/2055	791	0.21
500,000	Porterbrook Rail Finance 6.5% 20/10/2020	505	0.13
300,000	Prudential 5.56% 20/07/2055	333	0.09
500,000	Prudential 6.34% 19/12/2063	604	0.16
1,000,000	RAC 4.87% 06/05/2026	994	0.26
1,400,000	Royal Bank of Scotland 2.875% 19/09/2026	1,481	0.39
1,500,000	Sainsbury's Bank 6% 23/11/2027	1,519	0.40
1,000,000	Santander 3.625% 14/01/2026	1,096	0.29
800,000	Scottish Hydro Electric Transmission 2.25% 27/09/2035	884	0.23
1,700,000	Severn Trent Utilities Finance 3.625% 16/01/2026	1,953	0.52
800,000	Southern Gas Networks 2.5% 03/02/2025	858	0.23
900,000	Southern Gas Networks 4.875% 05/10/2023	1,013	0.27
1,800,000	SSE 3.875% Perpetual	1,801	0.48
2,000,000	Stagecoach 4% 29/09/2025	2,005	0.53
1,200,000	Thames Water Kemble Finance 5.875% 15/07/2022	1,217	0.32
600,000	Thames Water Utilities Finance 3.5% 25/02/2028	687	0.18
1,000,000	THFC Funding No.3 5.2% 11/10/2043	1,623	0.43
6,200,000	Transport for London 2.125% 24/04/2025	6,619	1.75
1,900,000	Transport for London 3.875% 23/07/2042	2,740	0.72
600,000	UNITE USAF II 3.921% 30/06/2025	653	0.17
500,000	Wales & West Utilities Finance 3% 03/08/2038	621	0.16
800,000	Wales & West Utilities Finance 4.625% 13/12/2023	905	0.24
1,600,000	Wessex Water Services Finance 4% 24/09/2021	1,660	0.44
2,100,000	Yorkshire Building Society 3.5% 21/04/2026	2,353	0.62
600,000	Yorkshire Water Finance 2.75% 18/04/2041	704	0.19
		159,521	42.16

Aegon Ethical Cautious Managed Fund

Portfolio Statement (continued)

Holding	Investment	Market valuation £'000	Total net assets %
	Equities 49.77% (31 July 2019 48.80%)		
	Basic Materials 0.62% (31 July 2019 0.94%)		
124,587	Victrex	2,333	0.62
		2,333	0.62
	Consumer Goods 4.71% (31 July 2019 4.53%)		
109,625	A.G. Barr	471	0.12
124,512	Bellway	3,169	0.84
270,500	Coca-Cola	5,415	1.43
833,451	Countryside Properties	2,360	0.62
690,000	Tate & Lyle	4,492	1.19
127,743	Team17	777	0.21
435,501	Watches of Switzerland	1,128	0.30
		17,812	4.71
	Consumer Services 8.10% (31 July 2019 8.53%)		
67,829	4imprint	1,611	0.43
777,578	Ascential	2,098	0.56
785,366	Auto Trader	4,213	1.11
262,000	Dunelm	3,220	0.85
640,425	Informa	2,368	0.63
50,524	Just Eat	4,167	1.10
814,084	Moneysupermarket.com	2,392	0.63
506,998	RELX	8,185	2.16
584,449	Trainline	2,389	0.63
		30,643	8.10
	Financials 13.28% (31 July 2019 12.49%)		
229,833	AJ Bell	992	0.26
763,316	Brewin Dolphin	2,000	0.53
89,894	Derwent London	2,584	0.68
650,000	Grainger	1,885	0.50
37,987	Hargreaves Lansdown	664	0.17
324,843	Impax Environmental Markets	1,083	0.29
219,551	IntegraFin	1,188	0.31
1,205,000	John Laing	3,555	0.94
2,754,666	Just	1,234	0.33
335,000	Lancashire	2,593	0.68
1,119,094	Legal & General	2,394	0.63
50,250	London Stock Exchange	4,262	1.13
325,000	Paragon	1,020	0.27
670,670	Phoenix	4,416	1.17
454,198	Prudential	5,019	1.33
92,941	Rathbone Brothers	1,504	0.40
46,342	Schroders	1,374	0.36
933,788	Secure Income REIT**	2,456	0.65
934,375	Standard Life Aberdeen	2,339	0.62
1,059,166	Tatton Asset Management	2,944	0.78
505,264	Unite	4,742	1.25
		50,248	13.28
	Health Care 0.39% (31 July 2019 0.51%)		
772,248	Advanced Medical Solutions	1,481	0.39
		1,481	0.39
	Industrials 10.85% (31 July 2019 11.46%)		
89,000	Ashtead	2,166	0.57
79,494	Clarkson	1,630	0.43
85,000	CRH	2,350	0.62

Aegon Ethical Cautious Managed Fund

Portfolio Statement (continued)

Holding	Investment	Market valuation £'000	Total net assets %
	Industrials (continued)		
340,000	Diploma	6,164	1.63
876,218	DS Smith	2,288	0.60
60,500	Ferguson	4,108	1.09
445,000	Grafton	2,861	0.76
455,000	Howden Joinery	2,230	0.59
182,928	Oxford Instruments	2,459	0.65
498,985	Polypipe	2,018	0.53
28,995	Renishaw	1,402	0.37
536,140	Robert Walters	2,220	0.59
568,035	Sanne	3,573	0.94
124,500	Spectris	3,197	0.84
1,157,379	Strix	2,413	0.64
22,000	TMO Renewables***	-	-
		41,079	10.85
	Oil & Gas 0.00% (31 July 2019 0.96%)		
	Technology 7.79% (31 July 2019 6.18%)		
1,035,419	Avast	5,943	1.57
140,500	Aveva	5,824	1.54
56,925	Craneware	931	0.25
189,972	FDM	1,765	0.47
1,052,069	GB Group	7,017	1.85
480,000	Sage	3,500	0.92
357,970	Softcat	4,510	1.19
		29,490	7.79
	Telecommunications 2.07% (31 July 2019 1.99%)		
1,110,000	BT	1,094	0.29
427,933	Gamma Communications	6,740	1.78
		7,834	2.07
	Utilities 1.96% (31 July 2019 1.21%)		
418,703	Pennon	4,459	1.18
228,295	SSE	2,969	0.78
		7,428	1.96
	Portfolio of investments	363,372	96.03
	Net other assets	15,023	3.97
	Total net assets attributable to shareholders	378,395	100.00

Analysis of investments by asset class

	Market value £'000	Value of investments %
Equities	188,348	49.77
Bonds	175,024	46.26
Portfolio of investments	363,372	96.03
Net other assets	15,023	3.97
Total net assets attributable to shareholders	378,395	100.00

The comparative percentage figures in brackets are at 31 July 2019.

All investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market, unless otherwise stated.

*At risk of default/defaulted or illiquid securities as disclosed on page 16.

**Real Estate Investment Trust.

***Unlisted, suspended and delisted.

Aegon Ethical Cautious Managed Fund

Statement of Total Return for the year ended 31 July 2020

			2020		2019
	Note	£'000	£'000	£'000	£'000
Income					
Net capital losses	2		(7,064)		(14,338)
Revenue	3	10,180		13,433	
Expenses	4	(3,305)		(4,002)	
Interest payable and similar charges		(1)		(1)	
Net revenue before taxation		6,874		9,430	
Taxation	5	(478)		(607)	
Net revenue after taxation			6,396		8,823
Total return before distributions			(668)		(5,515)
Distributions	6		(6,415)		(8,823)
Change in net assets attributable to shareholders from investment activities			(7,083)		(14,338)

Statement of Change in Net Assets Attributable to Shareholders for the year ended 31 July 2020

		2020		2019
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		442,604		552,470
Amounts receivable on issue of shares	37,995		54,881	
Amounts payable on cancellation of shares	(100,728)		(158,088)	
		(62,733)		(103,207)
Dilution adjustment		207		316
Change in net assets attributable to shareholders from investment activities		(7,083)		(14,338)
Retained distribution on accumulation shares		5,400		7,363
Closing net assets attributable to shareholders		378,395		442,604

Aegon Ethical Cautious Managed Fund

Balance Sheet as at 31 July 2020

			2020		2019
	Note	£'000	£'000	£'000	£'000
Assets					
Fixed assets:					
Investments			363,372		418,402
Current assets:					
Debtors	7	3,004		4,795	
Cash and bank balances	8	14,882		22,274	
			17,886		27,069
Total assets			381,258		445,471
Liabilities					
Creditors					
Distributions payable		197		329	
Other creditors	9	2,666		2,538	
Total liabilities			2,863		2,867
Net assets attributable to shareholders			378,395		442,604

Aegon Ethical Cautious Managed Fund

Notes to the Financial Statements

1 Accounting policies

The sub-fund's financial statements have been prepared on the basis disclosed on pages 12 to 14.

2 Net capital losses

Net capital losses comprise:

	2020	2019
	£'000	£'000
Losses on non-derivative securities	(7,070)	(14,319)
Currency exchange gains/(losses)	8	(16)
Transaction charges	(2)	(3)
Net capital losses	(7,064)	(14,338)

3 Revenue

	2020	2019
	£'000	£'000
UK dividends	4,343	6,029
Non-taxable overseas dividends	184	383
Property income from REITs	328	416
Interest on debt securities	5,257	6,429
Bank interest	68	176
Total revenue	10,180	13,433

4 Expenses*

	2020	2019
	£'000	£'000
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	3,161	3,828
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary fee	77	105
Other expenses:		
Audit fee**	12	11
FT publishing fee	5	5
Legal fees	4	-
PRIIPs fees	1	4
Registrar's fee	28	25
Safe custody charge	17	24
	67	69
Total expenses	3,305	4,002

*All expenditure stated above is inclusive of irrecoverable VAT where applicable.

**The audit fee (excluding VAT) incurred during the year was £9,700 (2019: £8,915).

5 Taxation

a) Analysis of charge in the year

	2020	2019
	£'000	£'000
Current tax:		
UK corporation tax on profits in the year	473	604
	473	604
Overseas tax suffered	5	3
Total tax charge for the year (see note 5 (b))	478	607

Aegon Ethical Cautious Managed Fund

Notes to the Financial Statements (continued)

5 Taxation (continued)

b) Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019: lower than) the standard rate of corporation tax for Open Ended Investment Companies 'OEICs' (20%).

The differences are explained below:

	2020 £'000	2019 £'000
Net revenue before taxation	6,874	9,430
Corporation tax 20% (2019: 20%)	1,375	1,886
Effects of:		
Overseas tax suffered	5	3
RDR conversion transfer from capital	3	-
Revenue not subject to taxation	(905)	(1,282)
Total tax charge for the year (see note 5 (a))	478	607

Open Ended Investment Companies are exempt from tax on capital gains. Therefore, any capital return is not included in the above reconciliations.

6 Distributions

a) Distributions

The distributions take account of amounts receivable on the issue of shares and amounts deductible on the cancellation of shares, and comprise:

	2020 £'000	2019 £'000
Interim distributions	4,869	6,349
Final distribution	1,421	2,256
	6,290	8,605
Add: amounts deductible on cancellation of shares	193	337
Less: amounts receivable on creation of shares	(68)	(119)
Distributions	6,415	8,823

Details of the distributions are set out in the tables on pages 238 to 239.

b) Movement between net revenue and distribution

	2020 £'000	2019 £'000
Net revenue after taxation	6,396	8,823
Equalisation on conversions	19	-
Distributions	6,415	8,823

7 Debtors

	2020 £'000	2019 £'000
Accrued revenue	2,566	2,857
Amounts receivable for the issue of shares	242	495
Corporation tax recoverable	22	-
Sales awaiting settlement	174	1,443
Debtors	3,004	4,795

8 Cash and bank balances

	2020 £'000	2019 £'000
Cash and bank balances	14,882	643
Money market deposits	-	21,631
Cash and bank balances	14,882	22,274

Aegon Ethical Cautious Managed Fund

Notes to the Financial Statements (continued)

9 Other creditors

	2020	2019
	£'000	£'000
Accrued ACD periodic charge	246	299
Accrued other expenses	48	40
Amounts payable for cancellation of shares	1,121	1,893
Corporation tax payable	-	299
Purchases awaiting settlement	1,251	7
Other creditors	2,666	2,538

10 Related parties

Related party interests in the sub-fund are disclosed in Note 6 of the Accounting Policies on page 17. Amounts due to the ACD as at year end for the ACD periodic charge and amounts due to the ACD for outstanding cancellations are disclosed in Note 9. Amounts receivable from the ACD as at year end for outstanding issue of shares are disclosed in Note 7. At the year-end 0.00% (2019: 0.00%) of the shares in issue were owned by AEGON Group or AEGON UK companies.

11 Contingent assets, liabilities and commitments

There were no contingent assets, liabilities or commitments present in the sub-fund as at 31 July 2020 (2019: Nil).

12 Financial instruments and risk

The risks associated with the sub-fund are market, concentration, valuation, yield, liquidity, counterparty, and interest rate risk. Narrative disclosures are on pages 15 to 17.

Analysis of investments by credit ratings

	2020		2019	
	Market value	Value of investments	Market value	Value of investments
	£'000	%	£'000	%
Investment grade	163,639	43.26	190,991	43.16
Below investment grade	5,026	1.32	4,241	0.96
Unrated	6,359	1.68	7,190	1.61
Other investments and derivatives	188,348	49.77	215,980	48.80
Portfolio of investments	363,372	96.03	418,402	94.53
Net other assets	15,023	3.97	24,202	5.47
Total net assets attributable to shareholders	378,395	100.00	442,604	100.00

Note - Investment grade securities are defined as securities with a Standard & Poor's, Moody's or Fitch's rating of BBB-, Baa3 and BBB- or above respectively.

VaR Disclosure

The Manager assesses the market risk of the sub-fund's investments, including any derivative exposure, using a value at risk methodology. This process provides the Manager with an estimate of the maximum potential loss that could be expected to occur as a result of changes in market prices over a given period of time in all but a given percentage of circumstances. The value at risk is calculated on a 95.00% (2019: 95.00%) confidence interval with a one month time horizon and a five year history, using the Historical model. The sub-fund has an absolute VaR limit of 14.10% (2019: 14.10%). As at the balance sheet date, the sub-fund's value at risk is 3.86% (2019: 3.05%).

The following table details the lowest, highest and average utilisation of the VaR limit:

	Lowest Utilisation	Highest Utilisation	Average Utilisation
	(%)	(%)	(%)
31 July 2020	2.74	3.95	3.19
31 July 2019	2.60	3.28	2.99

Leverage

As the sub-fund has not traded in derivatives throughout the year there is no significant exposure to leverage.

Counterparty risk

As the sub-fund has not traded in derivatives throughout the year there is no significant counterparty risk.

Aegon Ethical Cautious Managed Fund

Notes to the Financial Statements (continued)

13 Portfolio transaction costs

Purchases

31 July 2020	Value £'000	Commissions £'000	%	Other Costs* £'000	%
Debt securities	6,045	-	-	-	-
Equities	39,339	27	0.07	163	0.42
Total	45,384	27		163	
Total purchases including transaction costs	45,574				
31 July 2019					
Debt securities	39,628	-	-	-	-
Equities	60,031	42	0.07	249	0.41
Total	99,659	42		249	
Total purchases including transaction costs	99,950				

Sales

31 July 2020	Value £'000	Commissions £'000	%	Other Costs* £'000	%
Debt securities	34,857	-	-	-	-
Equities	57,653	(37)	0.06	-	-
Total	92,510	(37)		-	
Total sales net of transaction costs	92,473				
31 July 2019					
Debt securities	54,959	-	-	-	-
Equities	129,011	(92)	0.07	-	-
Total	183,970	(92)		-	
Total sales net of transaction costs	183,878				

*Other Costs includes taxes and any other costs other than commissions incurred by the sub-fund when buying and selling an underlying investment.

The purchases and sales are not subject to portfolio transaction costs.

Portfolio transaction costs are incurred by the sub-fund when buying and selling underlying investments. These vary depending on the class of investment, country of exchange and method of execution. These costs can be classified as either direct or indirect transaction costs:

- Direct transaction costs: Broker commissions, fees and taxes.
- Indirect transaction costs: 'Dealing spread' - the difference between the buying and selling prices of the sub-fund's underlying investments.

In order to protect existing investors from the effects of dilution, portfolio transaction costs incurred as a result of investors buying and selling shares in the sub-fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

At the balance sheet date, the portfolio dealing spread was 0.49% (2019: 0.38%), being the difference between the respective bid and offer prices for the sub-fund's investments.

14 Fair value hierarchy

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The fair value hierarchy has the following levels:

Level 1 – Unadjusted quoted price in an active market for an identical instrument.

Level 2 – Valuation techniques using observable inputs other than quoted prices within level 1.

Level 3 – Valuation techniques using unobservable inputs.

Basis of valuation	2020		2019	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
1 - Unadjusted quoted prices	194,967	-	215,980	-
2 - Observable market data	168,405	-	202,422	-
3 - Unobservable data	-	-	-	-
	363,372	-	418,402	-

Aegon Ethical Cautious Managed Fund

Notes to the Financial Statements (continued)

15 Share classes

The sub-fund currently has two share classes; A (Retail) and B (Institutional). The ACD's periodic charge on each share class is as follows:

A share class: 1.25%

B share class: 0.75%

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative tables on pages 224 to 226. The distribution per share class is given in the distribution tables on pages 238 to 239. All share classes have the same rights on winding up.

Share class movement reconciliation

31 July 2020	Opening	Creations	Cancellation	Converted	Closing
A Accumulation	14,302,395	706,954	(2,747,054)	(10,149,710)	2,112,585
A Income	1,405,835	37,041	(3,352)	(1,439,497)	27
B Accumulation	255,352,490	24,242,216	(59,288,395)	15,735,484	236,041,795
B Income	50,527,225	2,589,076	(11,366,962)	2,484,777	44,234,116
D Accumulation*	2,293,854	74,215	(428,532)	(1,939,537)	-
D Income*	732,063	89,926	(161,107)	(660,882)	-

*Share classes closed on 3 February 2020.

16 Post balance sheet events

The table below shows the net asset values per share as at the balance sheet date, compared against values as at 23 November 2020 and the percentage movement in that period:

Net assets per share

	31 July 2020	23 November 2020	Movement
A Accumulation	183.03	193.65	5.80%
A Income	140.74	148.51	5.52%
B Accumulation	136.50	144.60	5.93%
B Income	118.31	124.93	5.60%

Aegon Ethical Cautious Managed Fund

Distribution Tables

Share Class A Accumulation

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2018/9 Total Paid
31/10/19	31/12/19	Group 1	0.6944	N/A	0.6944	0.7620
		Group 2	0.2378	0.4566		
31/01/20	31/03/20	Group 1	0.4118	N/A	0.4118	0.4188
		Group 2	0.1366	0.2752		
30/04/20	30/06/20	Group 1	0.6024	N/A	0.6024	0.6358
		Group 2	0.4966	0.1058		
31/07/20	30/09/20	Group 1	0.5048	N/A	0.5048	0.7664
		Group 2	0.3341	0.1707		

Share Class A Income

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2018/9 Total Paid
31/10/19	31/12/19	Group 1	0.5395	N/A	0.5395	0.6005
		Group 2	0.2122	0.3273		
31/01/20	31/03/20	Group 1	0.3186	N/A	0.3186	0.3287
		Group 2	0.1811	0.1375		
30/04/20	30/06/20	Group 1	0.4405	N/A	0.4405	0.4978
		Group 2	0.1721	0.2684		
31/07/20	30/09/20	Group 1	0.3278	N/A	0.3278	0.5976
		Group 2	0.1854	0.1424		

Share Class B Accumulation

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2018/9 Total Paid
31/10/19	31/12/19	Group 1	0.6529	N/A	0.6529	0.7001
		Group 2	0.2409	0.4120		
31/01/20	31/03/20	Group 1	0.4506	N/A	0.4506	0.4379
		Group 2	0.2142	0.2364		
30/04/20	30/06/20	Group 1	0.5669	N/A	0.5669	0.6000
		Group 2	0.3791	0.1878		
31/07/20	30/09/20	Group 1	0.5138	N/A	0.5138	0.7057
		Group 2	0.3136	0.2002		

Share Class B Income

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2018/9 Total Paid
31/10/19	31/12/19	Group 1	0.5749	N/A	0.5749	0.6279
		Group 2	0.2435	0.3314		
31/01/20	31/03/20	Group 1	0.3949	N/A	0.3949	0.3910
		Group 2	0.1824	0.2125		
30/04/20	30/06/20	Group 1	0.4959	N/A	0.4959	0.5331
		Group 2	0.3194	0.1765		
31/07/20	30/09/20	Group 1	0.4466	N/A	0.4466	0.6248
		Group 2	0.2498	0.1968		

All distributions above are in pence per share unless specifically stated.

*Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being a capital repayment, it is not liable to income tax but must be deducted from the cost of the shares for capital gains tax purposes.

Aegon Ethical Cautious Managed Fund

Distribution Tables (continued)

Share Class D Accumulation**

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2018/9 Total Paid
31/10/19	31/12/19	Group 1	0.6477	N/A	0.6477	0.7018
		Group 2	0.2718	0.3759		
31/01/20	31/03/20	Group 1	0.4191	N/A	0.4191	0.4151
		Group 2	0.1127	0.3064		
30/04/20	30/06/20	Group 1	-	-	-	0.5942
		Group 2	-	-		
31/07/20	30/09/20	Group 1	-	-	-	0.7066
		Group 2	-	-		

Share Class D Income**

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2018/9 Total Paid
31/10/19	31/12/19	Group 1	0.5724	N/A	0.5724	0.6303
		Group 2	0.0652	0.5072		
31/01/20	31/03/20	Group 1	0.3688	N/A	0.3688	0.3713
		Group 2	0.1894	0.1794		
30/04/20	30/06/20	Group 1	-	-	-	0.5297
		Group 2	-	-		
31/07/20	30/09/20	Group 1	-	-	-	0.6273
		Group 2	-	-		

All distributions above are in pence per share unless specifically stated.

*Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being a capital repayment, it is not liable to income tax but must be deducted from the cost of the shares for capital gains tax purposes.

**Share classes closed on 3 February 2020.

Aegon Diversified Growth Fund

Fund objective*

The investment objective is to deliver a total return (capital growth plus income) that exceeds the UK Retail Prices Index by at least 4% per annum over any 5 year period. By investing in the sub-fund, capital is at risk. There is no guarantee that the sub-fund will deliver positive returns over this, or any, time period. The sub-fund is a flexible multi-asset fund that invests across a range of asset classes on a global basis, taking into account factors such as global economic trends and growth opportunities. As a result, at any one time the sub-fund may be diversified across asset classes, sectors, currencies or geographies in various proportions.

Risk profile

The sub-fund is designed for retail and institutional investors seeking to mitigate the effects of inflation over the longer term and who are comfortable with a medium to high level of investment risk. In most cases, we expect the sub-fund to be held as part of a diversified portfolio including other assets e.g. bonds, other equities, property and cash. While investors will normally be able to liquidate their holdings on a daily basis, unit prices will fluctuate and may fall significantly in value. Consequently, it is important to understand that the sub-fund should be viewed as a longer term investment.

The sub-fund is actively managed and exposed to a range of risks, which are listed and defined in the Aegon Asset Management UK ICVC Prospectus. The most material risks from this list also appear in our Key Investor Information documents (KIID) where they are summarised in an easy-to-read format. You can find both of these documents on our website at www.aegonam.com.

Performance**

The Aegon Diversified Growth Fund returned 4.65% (based on net and noon prices) compared to the benchmark return of 5.06%. The target benchmark is the UK Retail Price Index +4%.

Strategy review***

The sub-fund produced a robust absolute positive return in what was an extremely volatile year for almost all asset classes. Against its benchmark, however, the sub-fund underperformed as the sheer magnitude of the events that gripped markets meant that the natural benefits of diversification were less effective.

The year began with political instability to the fore in the shape of the US/China trade war and the ongoing saga of Brexit. At this time, the sub-fund's exposure to alternative assets added value, as did our currency allocations. We favoured the Japanese yen as a safe-haven play and this proved to be beneficial throughout the 12-month year. In contrast, our exposure to equities came under pressure, given the political turbulence.

The backdrop improved somewhat towards the end of 2019 as investors welcomed both the phase-one trade agreement between the US and China and the UK Conservative Party's emphatic election victory. As we moved into 2020, however, the environment became more challenging due mainly to the coronavirus outbreak in China. We subsequently increased our cash holding and reduced our equity exposure and sold our emerging markets allocation. We also decided to reduce our exposure to real estate sectors; we reduced the REITs exposure and fully closed the remaining part of our US Mortgage REITs in early March. This was due to concerns about the coronavirus impact on parts of the real estate market.

Our more cautious positioning initially helped performance as the coronavirus outbreak in China rapidly turned into a global pandemic that forced economies into lockdown. But the magnitude of the subsequent sell-off in markets was such that almost all assets were impacted. Our allocations to equities, alternatives and corporate bonds all came under significant pressure. One of the few areas to add value was our exposure to long duration US Treasury bonds, as well as our bias towards the Japanese yen.

Central banks and governments acted quickly to offer support to economies with stimulus packages that were unprecedented in their size and reach. The level of support was welcomed by the market and allowed many risk assets to rally up to the year-end. Having reduced our equity allocation prior to the onset of the pandemic, we took the opportunity to rotate much of our equity exposure into sustainable equity portfolios in recognition of the growing importance of the sustainability theme. This proved to be beneficial in performance terms as stocks with sustainability growth characteristics significantly outperformed for the remainder of the year.

Given the more positive backdrop, our exposure to corporate bond markets performed well. The alternatives allocation, predominantly renewable energy and infrastructure investments, also performed strongly, erasing a large part of the earlier losses.

Outlook

Short term volatility could be a feature for the remainder of 2020. However, this can provide an opportunity for bottom-up investors and our overall, longer-term outlook is positive.

*Please note that the sub-fund's objective has been updated effective 7 September 2020. The latest update can be found in the sub-fund's prospectus at www.aegonam.com.

**Source: Lipper, % growth, income re-invested at pay date, NAV-NAV, GBP, net of Basic Rate Tax. Index returns are gross of Basic Rate Tax. UK RPI is selected as a commonly accepted measure of UK inflation. We consider that exceeding RPI by at least 4% over 5 years is an attractive return and therefore an appropriate target benchmark in relation to which the sub-fund is managed. Comparison of the sub-fund's performance against the target benchmark will allow investors to determine whether and to what extent the sub-fund has delivered returns in excess of inflation. Any comparison of the sub-fund's performance against this benchmark should be performed over a 5 year period to provide the most useful medium term comparison.

***General references to markets and indices are to be considered as general market commentary only and (i) are not to be considered as a comparison of sub-fund performance against a benchmark (unless otherwise disclosed as such); and (ii) the index or indices do not operate as a performance target and the sub-fund's portfolio is not constrained by the index or indices.

Aegon Diversified Growth Fund

Material portfolio changes

Top ten purchases	31 July 2020 £'000	Top ten sales	31 July 2020 £'000
Grainger	97,342	US Treasury Bond 3.375% 15/11/2048	76,891
US Treasury Bond 1.5% 15/02/2030	44,875	US Treasury Bond 1.5% 15/02/2030	44,848
Mexican Bonos 4.5% 22/04/2029	36,821	US Treasury Bond 1.125% 31/08/2021	21,348
Australia Government Bond 1.75% 21/06/2051	24,210	US Treasury Bond 2.875% 15/05/2049	19,334
SSE	6,499	iShare EM Local Government Bond	18,592
Orsted	6,319	iShares JPMorgan USD EM Bond UCITS ETF	18,141
Technogym	6,220	US Treasury Bond 1.125% 28/02/2021	8,283
Tomra Systems	6,156	Tesla	7,320
PeptiDream	6,129	Mexican Bonos 4.5% 22/04/2029	6,263
IDP Education	6,018	Tritax Big Box REIT	6,018

Aegon Diversified Growth Fund

Comparative Tables

A Accumulation shares	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	151.90	154.20	147.75
Return before operating charges*	7.34	(0.75)	8.03
Operating charges	(1.57)	(1.55)	(1.58)
Return after operating charges*	5.77	(2.30)	6.45
Distributions	(3.09)	(3.85)	(3.91)
Retained distributions on accumulation shares	3.09	3.85	3.91
Closing net asset value per share	157.67	151.90	154.20
 *after direct transaction costs of	 0.21	 0.17	 0.16
Performance			
Return after charges	3.80%	(1.49)%	4.37%
Other information			
Closing net asset value (£'000)	214	703	863
Closing number of shares	135,803	463,098	559,491
Operating charges	1.04%	1.04%	1.04%
Direct transaction costs	0.14%	0.12%	0.11%
Prices			
Highest share price	162.67	155.16	155.57
Lowest share price	128.06	138.68	146.99

B Accumulation shares	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	163.53	165.41	157.96
Return before operating charges*	7.76	(0.93)	8.41
Operating charges	(0.93)	(0.95)	(0.96)
Return after operating charges*	6.83	(1.88)	7.45
Distributions	(3.93)	(4.71)	(4.74)
Retained distributions on accumulation shares	3.93	4.71	4.74
Closing net asset value per share	170.36	163.53	165.41
 *after direct transaction costs of	 0.22	 0.18	 0.17
Performance			
Return after charges	4.18%	(1.14)%	4.72%
Other information			
Closing net asset value (£'000)	476,962	409,375	380,351
Closing number of shares	279,972,829	250,328,909	229,940,522
Operating charges	0.59%	0.59%	0.59%
Direct transaction costs	0.14%	0.12%	0.11%
Prices			
Highest share price	175.48	166.50	166.61
Lowest share price	138.18	148.99	157.16

Highest and Lowest share prices are based on official published daily NAVs priced at 12 noon on the last business day of the year. The closing net asset value per share is at close of business.

Aegon Diversified Growth Fund

Comparative Tables (continued)

D Accumulation shares**	2020 (p/share)	2019 (p/share)	2018 (p/share)
Change in net assets per share			
Opening net asset value per share	128.58	130.27	124.52
Return before operating charges*	5.91	(0.69)	6.76
Operating charges	(0.55)	(1.00)	(1.01)
Return after operating charges*	5.36	(1.69)	5.75
Distributions	(1.36)	(3.50)	(3.59)
Retained distributions on accumulation shares	1.36	3.50	3.59
Redemption value	(133.94)	-	-
Closing net asset value per share	-	128.58	130.27
 *after direct transaction costs of	 0.18	 0.14	 0.14
Performance			
Return after charges	4.17%	(1.30)%	4.62%
Other information			
Closing net asset value (£'000)	-	47	76
Closing number of shares	-	36,865	58,342
Operating charges	-	0.79%	0.79%
Direct transaction costs	-	0.12%	0.11%
Prices			
Highest share price	136.11	131.11	131.30
Lowest share price	125.25	117.26	123.89

Highest and Lowest share prices are based on official published daily NAVs priced at 12 noon on the last business day of the year. The closing net asset value per share is at close of business.

**Share class closed on 3 February 2020.

Aegon Diversified Growth Fund

Portfolio Statement

The sub-fund's investments as at 31 July 2020.

Holding	Investment	Market Valuation £'000	Total net assets %
	Australian Dollar Denominated Bonds 5.03% (31 July 2019 0.00%)		
	Government Bonds 5.03% (31 July 2019 0.00%)		
44,000,000	Australia Government Bond 1.75% 21/06/2051	23,976	5.03
		23,976	5.03
	Euro Denominated Bonds 7.09% (31 July 2019 6.34%)		
	Corporate Bonds 7.09% (31 July 2019 6.34%)		
1,900,000	APT Pipelines 2% 15/07/2030	1,836	0.38
2,200,000	Banco Bilbao Vizcaya Argentaria 5.875% Perpetual	1,887	0.40
5,600,000	Banco Bilbao Vizcaya Argentaria 6% Perpetual	4,914	1.03
2,600,000	Bankia 6% Perpetual	2,189	0.46
1,600,000	CaixaBank 6.75% Perpetual	1,449	0.30
4,000,000	Commerzbank 6.125% Perpetual	3,409	0.71
2,700,000	Eurofins Scientific 3.25% Perpetual	2,287	0.48
2,800,000	National Grid Electricity Transmission 0.823% 07/07/2032	2,567	0.54
1,900,000	Platin 1426 5.375% 15/06/2023	1,634	0.34
3,954,700	Stichting AK Rabobank Certificaten 6.5% Perpetual	3,893	0.82
1,800,000	Summer (BC) B 5.75% 31/10/2026	1,559	0.33
2,400,000	UniCredit 6.625% Perpetual	2,147	0.45
4,500,000	Vonovia Finance 1% 09/07/2030	4,077	0.85
		33,848	7.09
	Mexican Peso Denominated Bonds 0.00% (31 July 2019 1.17%)		
	Government Bonds 0.00% (31 July 2019 1.17%)		
	Sterling Denominated Bonds 3.06% (31 July 2019 2.75%)		
	Corporate Bonds 3.06% (31 July 2019 2.75%)		
1,700,000	Barclays 7.125% Perpetual	1,727	0.36
1,000,000	Mclaren Finance 5% 01/08/2022	808	0.17
1,500,000	MPT Operating Partnership 3.692% 06/05/2028	1,506	0.31
600,000	Pearson Funding 3.75% 04/06/2030	647	0.14
1,200,000	Pension Insurance 7.375% Perpetual	1,301	0.27
1,700,000	Prudential 5.56% 20/07/2055	1,889	0.40
2,100,000	Rothsay Life 3.375% 07/12/2029	2,134	0.45
2,500,000	United Utilities Water Finance 1.875% 03/06/2042	2,661	0.56
2,100,000	Virgin Money UK 8% Perpetual	1,918	0.40
		14,591	3.06
	United States Dollar Denominated Bonds 12.96% (31 July 2019 13.87%)		
	Corporate Bonds 3.31% (31 July 2019 5.09%)		
1,400,000	Commerzbank 7% Perpetual	1,049	0.22
600,000	Deutsche Bank 6% Perpetual	398	0.08
1,500,000	HSBC 6.875% Perpetual	1,164	0.24
2,100,000	ING Groep 6.75% Perpetual	1,665	0.35
2,718,000	JPMorgan Chase 4.6% Perpetual	2,004	0.42
1,070,000	Nasdaq 3.25% 28/04/2050	928	0.20
2,000,000	Phoenix 5.625% Perpetual	1,494	0.31
2,918,000	Prime Security Services Borrower 6.25% 15/01/2028	2,318	0.49
1,946,000	RBS Capital Trust II 6.425% Perpetual	2,214	0.46
2,000,000	Swedbank 6% Perpetual	1,553	0.33
1,300,000	UBS 5.125% Perpetual	1,010	0.21
		15,797	3.31

Aegon Diversified Growth Fund

Portfolio Statement (continued)

Holding	Investment	Market Valuation £'000	Total net assets %
Government Bonds 9.65% (31 July 2019 8.78%)			
20,000,000	US Treasury Bond 2.875% 15/05/2049	21,537	4.51
21,000,000	US Treasury Bond 3.375% 15/11/2048	24,506	5.14
		46,043	9.65
Equities 63.87% (31 July 2019 60.62%)			
Basic Materials 0.49% (31 July 2019 0.74%)			
5,538	Air Products & Chemicals	1,209	0.25
18,304	Albemarle	1,149	0.24
		2,358	0.49
Consumer Goods 3.02% (31 July 2019 2.73%)			
19,194	Adidas	4,060	0.85
7,367	Clorox	1,325	0.28
12,101	Nestle	1,095	0.23
4,307	PepsiCo	452	0.10
17,683	Shimano	2,926	0.61
588,508	Taylor Wimpey	696	0.15
3,519	Tesla	3,839	0.80
		14,393	3.02
Consumer Services 2.53% (31 July 2019 2.88%)			
149,183	Basic-Fit	2,930	0.61
373,022	IDP Education	2,690	0.56
44,297	Koninklijke Ahold Delhaize	976	0.21
48,436	Planet Fitness	1,925	0.40
870,395	Trainline	3,558	0.75
		12,079	2.53
Financials 24.08% (31 July 2019 36.61%)			
2,243,508	3i Infrastructure	6,495	1.36
2,700,000	Banco Espirito Santo*	-	-
2,807,493	Bilfinger Berger Global Infrastructure SICAV	4,711	0.99
2,201,739	Bluefield Solar Income Fund	2,939	0.62
7,023	CME	889	0.19
44,500	First Republic Bank	3,813	0.80
2,300,963	Foresight Solar Fund	2,462	0.52
3,356,639	GCP Infrastructure Investments	3,874	0.81
1,544,436	Grainger	4,479	0.94
5,475,527	Greencoat Renewables	6,018	1.26
7,972,427	Greencoat UK Wind	11,656	2.44
5,286,952	HICL Infrastructure	8,861	1.85
5,508,225	International Public Partnerships	8,978	1.88
1,608,035	John Laing	4,744	0.99
3,815,850	John Laing Environmental Assets	4,541	0.95
2,131	Kenedix Residential Next Investment	2,962	0.62
11,090	Macquarie	743	0.15
373,829	Macquarie Korea Infrastructure Fund	2,689	0.56
4,083,844	NextEnergy Solar Fund	4,370	0.91
201,575	Nimrod Sea Assets*	-	-
1,385	Nippon Prologis	3,608	0.76
1,037,770	Octopus Renewables Infrastructure Trust	1,188	0.25
67,594	Ping An Insurance of China	546	0.11
7,172,859	Renewables Infrastructure	9,526	2.00
246,633	Sabra Health Care REIT**	2,770	0.58
29,586	Sun Communities	3,379	0.71
1,903,779	Syncona	4,521	0.95
839,580	UOL	3,083	0.65
3,837	Zurich Financial Services	1,080	0.23
		114,925	24.08

Aegon Diversified Growth Fund

Portfolio Statement (continued)

Holding	Investment	Market Valuation £'000	Total net assets %
Health Care 6.63% (31 July 2019 1.85%)			
231,564	Amplifon	6,025	1.26
11,272	AstraZeneca	961	0.20
110,848	Dechra Pharmaceuticals	3,164	0.66
22,528	DiaSorin	3,367	0.71
7,286	Gilead Sciences	386	0.08
20,926	ICON	2,955	0.62
23,489	Insulet	3,639	0.76
18,271	Penumbra	3,087	0.65
100,605	PeptiDream	3,074	0.64
93,003	STAAR Surgical	4,124	0.87
32,038	Takeda Pharmaceutical	867	0.18
		31,649	6.63
Industrials 9.60% (31 July 2019 8.48%)			
68,484	Acciona	5,784	1.21
217,565	Atlantia	2,636	0.55
232,942	Badger Daylighting	3,828	0.80
195,000	Delta Electronics	1,014	0.21
13,333	Eaton	945	0.20
73,015	Eiffage	4,865	1.02
251,097	Ferrovial	4,692	0.98
19,228	Keyence	6,124	1.29
88,308	Kornit Digital	3,602	0.76
8,111	Schneider Electric	718	0.15
114,084	Tomra Systems	3,566	0.75
72,124	Vinci	4,729	0.99
6,372	Watsco	1,145	0.24
3,791,534	Zhejiang Expressway	2,147	0.45
		45,795	9.60
Oil & Gas 0.66% (31 July 2019 1.46%)			
23,732	SolarEdge Technologies	3,166	0.66
		3,166	0.66
Technology 4.10% (31 July 2019 4.01%)			
57,383	Bandwidth	6,330	1.32
103,636	Bottomline Technologies	3,811	0.80
26,617	Everbridge	2,896	0.61
12,706	Maxim Integrated Products	659	0.14
7,860	Microsoft	1,228	0.26
132,334	Slack Technologies	2,977	0.62
90,151	Taiwan Semiconductor Manufacturing	998	0.21
3,264	Tokyo Electron	676	0.14
		19,575	4.10
Telecommunications 0.00% (31 July 2019 0.69%)			
Utilities 12.76% (31 July 2019 1.17%)			
253,244	Atlantica Sustainable Infrastructure	5,781	1.21
276,124	EDP Renovaveis	3,448	0.72
276,622	Enagas	5,326	1.12
865,635	Enel	6,028	1.26
740,438	Energias de Portugal	2,859	0.60
740,438	Energias de Portugal (Rights 06/08/2020)	56	0.01
633,309	Iberdrola	6,231	1.31
633,309	Iberdrola (Rights 23/07/2020)	-	-

Aegon Diversified Growth Fund

Portfolio Statement (continued)

Holding	Investment	Market Valuation £'000	Total net assets %
	Utilities (continued)		
606,045	National Grid	5,456	1.15
5,787	NextEra Energy	1,237	0.26
305,664	Northland Power	6,362	1.33
60,235	Orsted	6,574	1.38
245,989	Pennon	2,620	0.55
105,936	RWE	3,065	0.64
447,656	SSE	5,822	1.22
		60,865	12.76

Collective Investment Schemes 0.00% (31 July 2019 9.30%)

Derivatives and Futures Contracts 2.37% (31 July 2019 (1.27)%)

Forward Foreign Exchange Contracts 2.37% (31 July 2019 (1.29)%)

Bought EUR 2,900,000 Sold GBP 2,610,980 24/09/2020	4	-
Bought EUR 3,600,000 Sold GBP 3,260,772 24/09/2020	(14)	-
Bought EUR 2,120,000 Sold GBP 1,926,813 24/09/2020	(15)	-
Bought EUR 5,300,000 Sold GBP 4,827,855 24/09/2020	(48)	(0.01)
Bought EUR 2,662,948 Sold USD 3,000,000 24/09/2020	116	0.02
Bought GBP 5,037,488 Sold AUD 9,050,000 24/09/2020	93	0.02
Bought GBP 22,234,732 Sold AUD 40,800,000 24/09/2020	(56)	(0.01)
Bought GBP 11,125,555 Sold CAD 18,700,000 24/09/2020	491	0.10
Bought GBP 2,264,845 Sold CHF 2,660,000 24/09/2020	34	0.01
Bought GBP 5,501,226 Sold DKK 45,200,000 24/09/2020	29	0.01
Bought GBP 109,375,079 Sold EUR 120,500,000 24/09/2020	712	0.15
Bought GBP 2,357,711 Sold EUR 2,600,000 24/09/2020	13	-
Bought GBP 2,802,964 Sold EUR 3,100,000 24/09/2020	7	-
Bought GBP 4,741,128 Sold EUR 5,250,000 24/09/2020	7	-
Bought GBP 5,208,586 Sold EUR 5,800,000 24/09/2020	(22)	(0.01)
Bought GBP 5,137,517 Sold HKD 49,390,000 24/09/2020	284	0.06
Bought GBP 3,319,388 Sold JPY 449,000,000 24/09/2020	83	0.02
Bought GBP 2,955,828 Sold KRW 4,480,000,000 21/09/2020	94	0.02
Bought GBP 3,949,565 Sold NOK 46,700,000 24/09/2020	31	0.01
Bought GBP 4,459,063 Sold SGD 7,700,000 24/09/2020	182	0.04
Bought GBP 4,846,788 Sold TWD 180,000,000 21/09/2020	148	0.03
Bought GBP 192,389,134 Sold USD 238,500,000 24/09/2020	10,731	2.25
Bought GBP 2,373,912 Sold USD 3,000,000 21/09/2020	89	0.02
Bought GBP 1,904,528 Sold USD 2,400,000 24/09/2020	76	0.01
Bought GBP 1,411,487 Sold USD 1,800,000 24/09/2020	40	0.01
Bought HKD 27,000,000 Sold GBP 2,796,074 24/09/2020	(143)	(0.03)
Bought JPY 255,000,000 Sold GBP 1,903,894 24/09/2020	(66)	(0.01)
Bought JPY 452,000,000 Sold GBP 3,352,250 24/09/2020	(94)	(0.02)
Bought JPY 3,350,000,000 Sold GBP 25,336,579 24/09/2020	(1,186)	(0.25)
Bought TWD 70,000,000 Sold GBP 1,924,928 21/09/2020	(98)	(0.02)
Bought USD 27,000,000 Sold GBP 20,516,406 24/09/2020	49	0.01
Bought USD 2,400,000 Sold GBP 1,915,320 24/09/2020	(87)	(0.02)
Bought USD 5,300,000 Sold GBP 4,205,611 24/09/2020	(169)	(0.04)
	11,315	2.37

Aegon Diversified Growth Fund

Portfolio Statement (continued)

Holding	Investment	Market Valuation £'000	Total net assets %
	Options 0.00% (31 July 2019 0.02%)		
	Portfolio of investments***	450,375	94.38
	Net other assets	26,801	5.62
	Total net assets attributable to shareholders	477,176	100.00

Analysis of investments by asset class

	Market Value £'000	Value of investments %
Equities	304,805	63.87
Bonds	134,255	28.14
Derivatives	11,315	2.37
Portfolio of investments***	450,375	94.38
Net other assets	26,801	5.62
Total net assets attributable to shareholders	477,176	100.00

The comparative percentage figures in brackets are at 31 July 2019.

All investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market, unless otherwise stated.

*Unlisted, suspended and delisted securities.

**Real Estate Investment Trust.

***Includes investment liabilities.

Aegon Diversified Growth Fund

Statement of Total Return for the year ended 31 July 2020

			2020		2019
	Note	£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	2		8,464		(15,812)
Revenue	3	13,878		15,145	
Expenses	4	(2,437)		(2,286)	
Interest payable and similar charges		(13)		(24)	
Net revenue before taxation		11,428		12,835	
Taxation	5	(1,092)		(1,383)	
Net revenue after taxation			10,336		11,452
Total return before distributions			18,800		(4,360)
Distributions	6		(10,336)		(11,452)
Change in net assets attributable to shareholders from investment activities			8,464		(15,812)

Statement of Change in Net Assets Attributable to Shareholders for the year ended 31 July 2020

		2020		2019
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		410,125		381,290
Amounts transferred from Aegon Diversified Growth Fund Sterling	31,246		-	
Amounts receivable on issue of shares	18,999		36,868	
Amounts payable on cancellation of shares	(2,153)		(3,952)	
		48,092		32,916
Dilution adjustment		47		90
Change in net assets attributable to shareholders from investment activities		8,464		(15,812)
Retained distribution on accumulation shares		10,448		11,641
Closing net assets attributable to shareholders		477,176		410,125

Aegon Diversified Growth Fund

Balance Sheet as at 31 July 2020

	Note	£'000	2020 £'000	£'000	2019 £'000
Assets					
Fixed assets:					
Investments			452,373		391,154
Current assets:					
Debtors	7	3,851		3,201	
Cash and bank balances	8	58,151		27,819	
			<u>62,002</u>		<u>31,020</u>
Total assets			514,375		422,174
Liabilities					
Investment liabilities			1,998		10,647
Creditors					
Bank overdrafts	9	9,290		-	
Other creditors	10	25,911		1,402	
				<u>1,402</u>	
Total liabilities			<u>37,199</u>		<u>12,049</u>
Net assets attributable to shareholders			477,176		410,125

Aegon Diversified Growth Fund

Notes to the Financial Statements

1 Accounting policies

The sub-fund's financial statements have been prepared on the basis disclosed on pages 12 to 14.

2 Net capital gains/(losses)

Net capital gains/(losses) comprise:

	2020	2019
	£'000	£'000
Gains on non-derivative securities	1,927	6,039
Gains/(losses) on forward currency contracts	10,742	(17,613)
Currency exchange losses	(754)	(544)
Losses on derivative securities	(3,436)	(3,670)
Transaction charges	(15)	(24)
Net capital gains/(losses)	8,464	(15,812)

3 Revenue

	2020	2019
	£'000	£'000
UK dividends	3,897	3,704
Non-taxable overseas dividends	3,409	3,827
Taxable overseas dividends	380	117
Property income from REITs	54	320
US REIT dividends	1,032	1,967
Taxable distributions on offshore funds	724	1,105
Interest on debt securities	4,270	3,841
Bank interest	112	193
Derivative revenue	-	71
Total revenue	13,878	15,145

4 Expenses*

	2020	2019
	£'000	£'000
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	2,299	2,141
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary fee	71	84
Other expenses:		
Audit fee**	9	11
Investment advisor fees	4	-
FT publishing fee	4	4
Legal fees	4	-
PRIIPs fees	1	4
Registrar's fee	13	11
Safe custody charge	32	31
	67	61
Total expenses	2,437	2,286

*All expenditure stated above is inclusive of irrecoverable VAT where applicable.

**The audit fee (excluding VAT) incurred during the year was £11,500 (2019: £9,553).

5 Taxation

a) Analysis of charge in the year

	2020	2019
	£'000	£'000
Current tax:		
UK corporation tax on profits in the year	824	1,061
	824	1,061
Double taxation relief	(202)	(286)
Overseas tax suffered	470	608
Total tax charge for the year (see note 5 (b))	1,092	1,383

Aegon Diversified Growth Fund

Notes to the Financial Statements (continued)

5 Taxation (continued)

b) Factors affecting tax charge for the year

The tax assessed for the year is lower (2019: lower than) than the standard rate of corporation tax for Open Ended Investment Companies 'OEICs' (20%).

The differences are explained below:

	2020 £'000	2019 £'000
Net revenue before taxation	11,428	12,835
Corporation tax 20% (2019: 20%)	2,285	2,567
Effects of:		
Double taxation relief	(202)	(286)
Overseas tax suffered	470	608
Revenue not subject to taxation	(1,461)	(1,506)
Total tax charge for the year (see note 5 (a))	1,092	1,383

Open Ended Investment Companies are exempt from tax on capital gains. Therefore, any capital return is not included in the above reconciliations.

6 Distributions

a) Distributions

The distributions take account of amounts receivable on the issue of shares and amounts deductible on the cancellation of shares, and comprise:

	2020 £'000	2019 £'000
Interim distributions	7,181	7,737
Final distribution	3,267	3,904
	10,448	11,641
Add: amounts deductible on cancellation of shares	7	15
Less: amounts receivable on creation of shares	(119)	(204)
Distributions	10,336	11,452

Details of the distributions are set out in the tables on page 257.

b) Movement between net revenue and distribution

	2020 £'000	2019 £'000
Net revenue after taxation	10,336	11,452
Distributions	10,336	11,452

7 Debtors

	2020 £'000	2019 £'000
Accrued revenue	1,690	1,526
Amounts receivable for the issue of shares	73	24
Corporation tax recoverable	118	-
Sales awaiting settlement	1,749	1,490
Reclaimable overseas tax	221	161
Debtors	3,851	3,201

8 Cash and bank balances

	2020 £'000	2019 £'000
Amounts held at futures clearing houses and brokers*	-	7,300
Cash and bank balances	3,341	7,473
Money market deposits	54,810	13,046
Cash and bank balances	58,151	27,819

*Includes cash pledged as collateral of £Nil (2019: £7,300,000).

Aegon Diversified Growth Fund

Notes to the Financial Statements (continued)

9 Bank overdrafts

	2020	2019
	£'000	£'000
Amounts held at futures clearing houses and brokers*	9,290	-
Bank overdrafts	9,290	-

*Includes cash pledged as collateral of £9,290,000 (2019: £Nil).

10 Other creditors

	2020	2019
	£'000	£'000
Accrued ACD periodic charge	202	190
Accrued other expenses	40	33
Amounts payable for cancellation of shares	1	9
Corporation tax payable	-	474
Purchases awaiting settlement	25,668	696
Other creditors	25,911	1,402

11 Related parties

Related party interests in the sub-fund are disclosed in Note 6 of the Accounting Policies on page 17. Amounts due to the ACD as at year end for the ACD periodic charge and amounts due to the ACD for outstanding cancellations are disclosed in Note 10. Amounts receivable from the ACD as at year end for outstanding issue of shares are disclosed in Note 7. At the year-end 46.42% (2019: 44.33%) of the shares in issue were owned by AEGON Group or AEGON UK companies.

12 Contingent assets, liabilities and commitments

There were no contingent assets, liabilities or commitments present in the sub-fund as at 31 July 2020 (2019: Nil).

13 Financial instruments and risk

The risks associated with the sub-fund are market, concentration, valuation, yield, liquidity, counterparty, and interest rate risk. Narrative disclosures are on pages 15 to 17.

Analysis of investments by credit ratings

	2020		2019	
	Market	Value of investments	Market	Value of investments
	value	investments	value	investments
	£'000	%	£'000	%
Investment grade	66,875	14.02	50,723	12.36
Below investment grade	32,295	6.76	43,298	10.57
Unrated	35,085	7.36	4,947	1.20
Other investments and derivatives	316,120	66.24	281,539	68.65
Portfolio of investments	450,375	94.38	380,507	92.78
Net other assets	26,801	5.62	29,618	7.22
Total net assets attributable to shareholders	477,176	100.00	410,125	100.00

Note - Investment grade securities are defined as securities with a Standard & Poor's, Moody's or Fitch's rating of BBB-, Baa3 and BBB- or above respectively.

Derivative risk

The sub-fund invests in derivatives, consistent with the investment objective of the sub-fund, as outlined in the derivative risks section on page 17.

Aegon Diversified Growth Fund

Notes to the Financial Statements (continued)

13 Financial instruments and risk (continued)

VaR Disclosure

The Manager assesses the market risk of the sub-fund's investments, including any derivative exposure, using a value at risk methodology. This process provides the Manager with an estimate of the maximum potential loss that could be expected to occur as a result of changes in market prices over a given period of time in all but a given percentage of circumstances. The value at risk is calculated on a 95.00% (2019: 95.00%) confidence interval with a one month time horizon and a five year history, using the Historical model. The sub-fund has an absolute VaR limit of 14.10% (2019: 14.10%). As at the balance sheet date, the sub-fund's value at risk is 3.23% (2019: 2.11%).

The following table details the lowest, highest and average utilisation of the VaR limit:

	Lowest Utilisation (%)	Highest Utilisation (%)	Average Utilisation (%)
31 July 2020	2.02	3.47	2.60
31 July 2019	1.13	3.40	2.04

Leverage

Average leverage is calculated as the sum of the net asset value and the incremental exposure generated through the use of derivatives (calculated in accordance with the commitment approach (CESR/10-788)) divided by the net asset value. As at 31 July 2020 the average leverage was 118.49% (2019: 124.47%).

Counterparty risk

The risk of entering an arrangement with a counterparty, which is itself subject to financial risks which may affect its ability to trade as a going concern.

The ACD maintains a list of approved counterparties. This list is regularly monitored and revised for changes based on the counterparty's credit-worthiness, market reputation and expectations of future financial performance. Transactions will only be opened with financial intermediaries on the approved counterparties list.

The sub-fund's use of exchange traded derivatives are considered to be free of counterparty risk if the derivative is traded on an exchange where the clearing house is backed by an appropriate performance guarantee and it is characterised by a daily mark-to-market valuation of the derivative position and at least daily margining.

At 31 July 2020, the market value of the exchange traded derivatives held by the sub-fund was £Nil (2019: £62,000).

The following details exposure to counterparties obtained through the use of derivatives:

As at 31 July 2020

Counterparty	Forward Foreign Exchange Contracts Exposure £'000	Futures Exposure £'000	Options Exposure £'000	Collateral Pledge £'000
Barclays	216	-	-	0
BNP Paribas	10,958	-	-	(9,310)
JPMorgan	141	-	-	20

As at 31 July 2019

Counterparty	Forward Foreign Exchange Contracts Exposure £'000	Futures Exposure £'000	Options Exposure £'000	Collateral Pledge £'000
Barclays	-	-	-	460
BNP Paribas	-	-	-	5,520
Deutsche Bank	129	-	-	(210)
JPMorgan	-	-	-	260
Morgan Stanley	-	-	-	1,270
UBS	-	-	62	-

Positive exposure represents the sub-fund's exposure to that counterparty and not the sub-fund's holdings with that counterparty.

Aegon Diversified Growth Fund

Notes to the Financial Statements (continued)

14 Portfolio transaction costs

Purchases

31 July 2020	Value £'000	Commissions £'000	%	Other Costs* £'000	%
Debt securities	274,257	-	-	-	-
Equities	389,620	108	0.03	278	0.07
Collective Investments Schemes	2,390	1	0.06	-	-
Total	666,267	109		278	
Total purchases including transaction costs	666,654				
31 July 2019					
Debt securities	261,793	-	-	-	-
Equities	232,238	86	0.04	171	0.07
Collective Investments Schemes	36,232	18	0.05	-	-
Total	530,263	104		171	
Total purchases including transaction costs	530,538				

Sales

31 July 2020	Value £'000	Commissions £'000	%	Other Costs* £'000	%
Debt securities	242,055	-	-	-	-
Equities	336,473	(110)	0.03	(64)	0.02
Collective Investments Schemes	36,751	(18)	0.05	-	-
Total	615,279	(128)		(64)	
Total sales net of transaction costs	615,087				
31 July 2019					
Debt securities	248,633	-	-	-	-
Equities	237,790	(92)	0.04	(69)	0.03
Collective Investments Schemes	21,417	(11)	0.05	-	-
Total	507,840	(103)		(69)	
Total sales net of transaction costs	507,668				

Derivatives

31 July 2020	Commissions £'000
Futures	29
Options	3
Total	32
31 July 2019	
Futures	16
Options	13
Total	29

*Other Costs includes taxes and any other costs other than commissions incurred by the sub-fund when buying and selling an underlying investment.

The purchases and sales are not subject to portfolio transaction costs.

Portfolio transaction costs are incurred by the sub-fund when buying and selling underlying investments. These vary depending on the class of investment, country of exchange and method of execution. These costs can be classified as either direct or indirect transaction costs:

- Direct transaction costs: Broker commissions, fees and taxes.
- Indirect transaction costs: 'Dealing spread' - the difference between the buying and selling prices of the sub-fund's underlying investments.

In order to protect existing investors from the effects of dilution, portfolio transaction costs incurred as a result of investors buying and selling shares in the sub-fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

At the balance sheet date, the portfolio dealing spread was 0.37% (2019: 0.27%), being the difference between the respective bid and offer prices for the sub-fund's investments.

Aegon Diversified Growth Fund

Notes to the Financial Statements (continued)

15 Fair value hierarchy

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The fair value hierarchy has the following levels:

Level 1 – Unadjusted quoted price in an active market for an identical instrument.

Level 2 – Valuation techniques using observable inputs other than quoted prices within level 1.

Level 3 – Valuation techniques using unobservable inputs.

Basis of valuation	2020		2019	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
1 - Unadjusted quoted prices	346,307	-	275,163	-
2 - Observable market data	106,066	(1,998)	115,978	(10,647)
3 - Unobservable data	-	-	13	-
	452,373	(1,998)	391,154	(10,647)

16 Share classes

The sub-fund currently has two share classes; A (Retail) and B (Institutional). The ACD's periodic charge on each share class is as follows:

A share class: 1.00%

B share class: 0.50%*

*The B share class ACD fee changed from 0.55% to 0.55% on 1 April 2020.

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative tables on pages 242 and 243. The distribution per share class is given in the distribution tables on page 257. All share classes have the same rights on winding up.

Share class movement reconciliation

31 July 2020	Opening	Creations	Cancellations	Converted	Closing
A Accumulation	463,098	32,647	(98,353)	(261,589)	135,803
B Accumulation	250,328,909	30,599,713	(1,227,078)	271,285	279,972,829
D Accumulation*	36,865	-	-	(36,865)	-

*Share class closed on 3 February 2020.

17 Post balance sheet events

The table below shows the net asset values per share as at the balance sheet date, compared against values as at 23 November 2020 and the percentage movement in that period:

Net assets per share			
	31 July 2020	23 November 2020	Movement
A Accumulation	157.67	168.09	6.61%
B Accumulation	170.36	181.85	6.74%

Aegon Diversified Growth Fund

Distribution Tables

Share Class A Accumulation

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2018/9 Total Paid
31/10/19	31/12/19	Group 1	0.7370	N/A	0.7370	0.7873
		Group 2	0.4506	0.2864		
31/01/20	31/03/20	Group 1	0.7123	N/A	0.7123	0.8840
		Group 2	0.4783	0.2340		
30/04/20	30/06/20	Group 1	0.7017	N/A	0.7017	0.8700
		Group 2	0.3533	0.3484		
31/07/20	30/09/20	Group 1	0.9365	N/A	0.9365	1.3087
		Group 2	0.2589	0.6776		

Share Class B Accumulation

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2018/9 Total Paid
31/10/19	31/12/19	Group 1	0.9406	N/A	0.9406	0.9931
		Group 2	0.7383	0.2023		
31/01/20	31/03/20	Group 1	0.9210	N/A	0.9210	1.0900
		Group 2	0.4470	0.4740		
30/04/20	30/06/20	Group 1	0.9006	N/A	0.9006	1.0724
		Group 2	0.5286	0.3720		
31/07/20	30/09/20	Group 1	1.1666	N/A	1.1666	1.5569
		Group 2	0.6939	0.4727		

Share Class D Accumulation**

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2018/9 Total Paid
31/10/19	31/12/19	Group 1	0.6889	N/A	0.6889	0.7285
		Group 2	0.6889	0.0000		
31/01/20	31/03/20	Group 1	0.6712	N/A	0.6712	0.8093
		Group 2	0.6712	0.0000		
30/04/20	30/06/20	Group 1	-	-	-	0.7950
		Group 2	-	-		
31/07/20	30/09/20	Group 1	-	-	-	1.1671
		Group 2	-	-		

All distributions above are in pence per share unless specifically stated.

*Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being a capital repayment, it is not liable to income tax but must be deducted from the cost of the shares for capital gains tax purposes.

**Share class closed on 3 February 2020.

Aegon Diversified Monthly Income Fund

Fund objective*

The investment objective is to generate income with a target yield of approximately 5% per annum, with the potential for capital growth over the medium term (being any 5 year period). By investing in the sub-fund, capital is at risk. There is no guarantee that the sub-fund will generate this, or any other level of income or returns. The sub-fund is a flexible multi-asset fund that invests across a range of asset classes on a global basis, taking into account factors such as global economic trends and growth opportunities. As a result, at any one time the sub-fund may be diversified across asset classes, sectors, currencies or geographies in various proportions. At least 80% of the sub-fund will usually consist of equities, corporate bonds and government and public securities. The typical level of investment in equities will be between 20-60% of the sub-fund's value. The sub-fund may invest in other transferable securities, collective investment schemes, derivatives, money market instruments, cash and near-cash. Through these investments, the sub-fund may obtain indirect exposure to property, commodities and other specialist asset sectors, such as companies that specialise in aircraft leasing, infrastructure and renewable energy.

Risk profile

The sub-fund is designed for retail and institutional investors seeking regular income and who are comfortable with a medium to high level of investment risk. In most cases, we expect the sub-fund to be held as part of a diversified portfolio including other assets e.g. bonds, equities, property and cash. While investors will normally be able to liquidate their holdings on a daily basis, unit prices will fluctuate and may fall significantly in value. Consequently, it is important to understand that the sub-fund should be viewed as a longer term investment.

The sub-fund is actively managed and exposed to a range of risks, which are listed and defined in the Aegon Asset Management UK ICVC Prospectus. The most material risks from this list also appear in our Key Investor Information documents (KIID) where they are summarised in an easy-to-read format. You can find both of these documents on our website at www.aegonam.com.

Performance**

The Aegon Diversified Monthly Income Fund produced a total return of (4.75)%.

The average monthly pence-per-share distribution over the most recent 12 months was 0.4174 pence. The historic yield, based on the 12 most recent monthly distributions, was 4.97% compared to the target yield of 5%.

Strategy review***

The year began with political instability to the fore in the shape of the US/China trade war and the ongoing saga of Brexit. However, better-than-expected economic data, particularly in the US, and signals from a number of central banks that interest rates would remain low provided some support to equity markets. The backdrop improved somewhat towards the end of 2019 as investors welcomed both the phase-one trade agreement between the US and China and the UK Conservative Party's emphatic election victory, which reduced the level of Brexit uncertainty.

During the first half of the year, the sub-fund was aided by the natural diversification benefits of the portfolio. Within equities, our high dividend and global equity income themes added value. The sub-fund's exposure to alternative income-generating assets also performed well. Our exposure to fixed income, however, was more mixed. Our government bond exposure came under pressure but our weightings in investment grade and bank credit performed well. As we moved into 2020 the environment became more challenging due mainly to the coronavirus outbreak in China. We subsequently moved to a more cautious positioning, while continuing to focus on high-conviction stock ideas. Despite our caution, we had not anticipated the subsequent global pandemic and the sub-fund was not positioned for its consequences.

The magnitude of the sell-off in markets was such that almost all assets were impacted. Sub-fund performance therefore came under significant pressure with the benefits of diversification proving to be significantly less effective; only government bonds provided a small positive contribution to performance as the pandemic too hold.

While this was undoubtedly a difficult year for the sub-fund, performance improved significantly in the remainder of the year. The catalyst for the rally was the actions of central banks and governments to offer support to economies with stimulus packages that were unprecedented in their size and reach.

The recovery phase was marked, however, by the perceived 'winners' such as technology companies, which gained much more than the 'losers'. Income generation in particular was impacted, given some companies suspended dividends either for financial prudence or at the insistence of regulators. In certain sectors such as travel, airlines, airports and leisure, revenues were massively impaired and with no advance notice. The sub-fund's holdings in consumer staples and cyclical growth therefore lagged the holdings in technology and related sectors.

We sold some securities where dividends would not be paid and the fundamental investment case had significantly weakened, such as airports. We held onto other securities where a prompt return to business-as-usual would allow share prices to recover and for dividends to be restored.

The sub-fund also benefited from the strong recovery in corporate bond markets. The level of new bond issuance reached a record as companies took advantage of lower rates and central bank asset purchase policies to raise new capital on favourable terms. Infrastructure securities also recovered, and a number of our long-term positions contributed positively. Exposure to European utilities and Renewable Energy added value. Real Estate recovered some ground but the global economic shutdown and the impact of the virus on communal working created a new challenge for the asset class. We reduced our exposure to sectors such as hotels, leisure and offices in favour of logistics, residential and data warehouses where there is structural demand and more reliable rental income streams.

Outlook

The ongoing challenging economic backdrop continues to cause concern, as will another round of cliff-edge Brexit negotiations. In this environment we expect central banks to continue offering support to economies which, in turn, can provide opportunities across asset classes.

*Please note that the sub-fund's objective has been updated effective 7 September 2020. The latest update can be found in the sub-fund's prospectus at www.aegonam.com.

**Source: Lipper, % growth, income re-invested at pay date, NAV-NAV, GBP, net of Basic Rate Tax. Index returns are gross of Basic Rate Tax.

***General references to markets and indices are to be considered as general market commentary only and (i) are not to be considered as a comparison of sub-fund performance against a benchmark (unless otherwise disclosed as such); and (ii) the index or indices do not operate as a performance target and the sub-fund's portfolio is not constrained by the index or indices.

Aegon Diversified Monthly Income Fund

Material portfolio changes			
Top ten purchases	31 July 2020 £'000	Top ten sales	31 July 2020 £'000
US Treasury Bond 4.375% 15/02/2038	28,875	US Treasury Bond 3.375% 15/11/2048	26,716
US Treasury Bond 3.375% 15/11/2048	26,024	US Treasury Bond 2.125% 31/12/2022	15,290
US Treasury Bond 1.125% 31/08/2021	20,976	US Treasury Bond 2.625% 15/11/2020	14,854
US Treasury Bond 1.125% 28/02/2021	20,861	US Treasury Bond 1.375% 31/08/2020	13,896
US Treasury Bond 1.375% 31/08/2020	13,091	US Treasury Bond 1.125% 31/08/2021	13,781
Zurich Financial Services	11,199	US Treasury Bond 4.375% 15/02/2038	12,575
Simplo Technology	9,866	US Treasury Bond 2.625% 15/08/2020	12,386
Muenchener Rueckversicherungs	9,294	Muenchener Rueckversicherungs	11,949
Delta Electronics	9,145	Cisco Systems	10,140
Japan Hotel REIT	8,961	Zurich Financial Services	9,981

Aegon Diversified Monthly Income Fund

Comparative Tables

A Accumulation shares	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	142.04	132.65	129.99
Return before operating charges*	(5.46)	11.13	4.37
Operating charges	(1.78)	(1.74)	(1.71)
Return after operating charges*	(7.24)	9.39	2.66
Distributions	(6.77)	(6.98)	(7.08)
Retained distributions on accumulation shares	6.77	6.98	7.08
Closing net asset value per share	134.80	142.04	132.65
 *after direct transaction costs of	 0.11	 0.12	 0.16
Performance			
Return after charges	(5.10)%	7.08%	2.05%
Other information			
Closing net asset value (£'000)	1,483	1,478	1,189
Closing number of shares	1,100,222	1,040,543	896,110
Operating charges	1.29%	1.29%	1.30%
Direct transaction costs	0.08%	0.09%	0.12%
Prices			
Highest share price	152.96	144.23	135.03
Lowest share price	110.16	126.06	128.99

A Income shares**	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	106.49	104.60	107.98
Return before operating charges*	(11.47)	8.52	3.54
Operating charges	(1.00)	(1.35)	(1.39)
Return after operating charges*	(12.47)	7.17	2.15
Distributions	(2.92)	(5.28)	(5.53)
Retained distributions on accumulation shares	-	-	-
Redemption value	(91.10)	-	-
Closing net asset value per share	-	106.49	104.60
 *after direct transaction costs of	 0.09	 0.09	 0.13
Performance			
Return after charges	(11.71)%	6.85%	1.99%
Other information			
Closing net asset value (£'000)	-	685	690
Closing number of shares	-	642,731	660,204
Operating charges	-	1.29%	1.30%
Direct transaction costs	-	0.09%	0.12%
Prices			
Highest share price	112.49	108.88	110.30
Lowest share price	80.69	98.16	103.68

Highest and Lowest share prices are based on official published daily NAVs priced at 12 noon on the last business day of the year. The closing net asset value per share is at close of business.

**Share class closed on 24 April 2020.

Aegon Diversified Monthly Income Fund

Comparative Tables (continued)

B Accumulation shares	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	146.18	135.76	132.31
Return before operating charges*	(5.84)	11.24	4.26
Operating charges	(0.84)	(0.82)	(0.81)
Return after operating charges*	(6.68)	10.42	3.45
Distributions	(6.77)	(6.82)	(6.84)
Retained distributions on accumulation shares	6.77	6.82	6.84
Closing net asset value per share	139.50	146.18	135.76
 *after direct transaction costs of	 0.12	 0.12	 0.16
Performance			
Return after charges	(4.57)%	7.68%	2.61%
Other information			
Closing net asset value (£'000)	450,242	430,817	375,951
Closing number of shares	322,749,416	294,708,495	276,913,933
Operating charges	0.59%	0.59%	0.60%
Direct transaction costs	0.08%	0.09%	0.12%
Prices			
Highest share price	157.92	148.43	137.81
Lowest share price	113.79	129.32	131.78

B Income shares	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	110.11	107.40	110.14
Return before operating charges*	(4.34)	8.63	3.47
Operating charges	(0.62)	(0.64)	(0.66)
Return after operating charges*	(4.96)	7.99	2.81
Distributions	(5.00)	(5.28)	(5.55)
Retained distributions on accumulation shares	-	-	-
Closing net asset value per share	100.15	110.11	107.40
 *after direct transaction costs of	 0.09	 0.09	 0.13
Performance			
Return after charges	(4.50)%	7.44%	2.55%
Other information			
Closing net asset value (£'000)	366,804	307,299	130,711
Closing number of shares	366,270,241	279,093,646	121,702,919
Operating charges	0.59%	0.59%	0.60%
Direct transaction costs	0.08%	0.09%	0.12%
Prices			
Highest share price	116.67	112.41	112.85
Lowest share price	83.73	101.02	106.34

Highest and Lowest share prices are based on official published daily NAVs priced at 12 noon on the last business day of the year. The closing net asset value per share is at close of business.

Aegon Diversified Monthly Income Fund

Comparative Tables (continued)

D Accumulation shares***	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	144.84	134.78	131.61
Return before operating charges*	8.09	11.21	4.30
Operating charges	(0.67)	(1.15)	(1.13)
Return after operating charges*	7.42	10.06	3.17
Distributions	(2.88)	(6.84)	(6.88)
Retained distributions on accumulation shares	2.88	6.84	6.88
Redemption value	(152.26)	-	-
Closing net asset value per share	-	144.84	134.78
 *after direct transaction costs of	 0.12	 0.12	 0.16
Performance			
Return after charges	5.12%	7.46%	2.41%
Other information			
Closing net asset value (£'000)	-	28	41
Closing number of shares	-	19,509	30,150
Operating charges	-	0.84%	0.85%
Direct transaction costs	-	0.09%	0.12%
Prices			
Highest share price	155.57	147.07	136.96
Lowest share price	141.88	128.28	130.91

D Income shares***	2020	2019	2018
	(p/share)	(p/share)	(p/share)
Change in net assets per share			
Opening net asset value per share	108.84	106.43	109.45
Return before operating charges*	6.01	8.59	3.51
Operating charges	(0.49)	(0.89)	(0.92)
Return after operating charges*	5.52	7.70	2.59
Distributions	(2.14)	(5.29)	(5.61)
Retained distributions on accumulation shares	-	-	-
Redemption value	(112.22)	-	-
Closing net asset value per share	-	108.84	106.43
 *after direct transaction costs of	 0.09	 0.09	 0.13
Performance			
Return after charges	5.07%	7.23%	2.37%
Other information			
Closing net asset value (£'000)	-	425	350
Closing number of shares	-	390,763	328,603
Operating charges	-	0.84%	0.85%
Direct transaction costs	-	0.09%	0.12%
Prices			
Highest share price	115.09	111.17	112.03
Lowest share price	106.61	100.02	105.48

Highest and Lowest share prices are based on official published daily NAVs priced at 12 noon on the last business day of the year. The closing net asset value per share is at close of business.

***Share classes closed on 3 February 2020.

Aegon Diversified Monthly Income Fund

Portfolio Statement

The sub-fund's investments as at 31 July 2020

Holding	Investment	Market Valuation £'000	Total net assets %
Euro Denominated Bonds 11.24% (31 July 2019 8.05%)			
Corporate Bonds 11.24% (31 July 2019 8.05%)			
1,800,000	Algeco Global Finance 6.5% 15/02/2023	1,564	0.19
2,600,000	ARD Finance 5% 30/06/2027	2,279	0.28
1,900,000	Assemblin Financing 5% 15/05/2025	1,626	0.20
4,000,000	Banca Monte dei Paschi di Siena 3.625% 24/09/2024	3,677	0.45
3,000,000	Banca Monte dei Paschi di Siena 10.5% 23/07/2029	3,000	0.37
2,600,000	Banco Bilbao Vizcaya Argentaria 5.875% Perpetual	2,231	0.27
4,600,000	Banco Bilbao Vizcaya Argentaria 6% Perpetual	4,036	0.49
6,000,000	Banco Santander 5.25% Perpetual	5,016	0.61
4,600,000	Bankia 6.375% Perpetual	3,952	0.48
3,100,000	Bayer 2.375% 11/12/2079	2,741	0.34
2,600,000	BP Capital Markets 3.625% Perpetual	2,394	0.29
6,600,000	CaixaBank 6.75% Perpetual	5,978	0.73
2,000,000	CBR Fashion Finance 5.125% 01/10/2022	1,576	0.19
600,000	CNP Assurances 6.875% 30/09/2041	577	0.07
2,700,000	Cogent Communications 4.375% 30/06/2024	2,452	0.30
4,200,000	Commerzbank 6.125% Perpetual	3,579	0.44
900,000	DKT Finance 7% 17/06/2023	815	0.10
3,428,000	Energizer Gamma Acquisition 4.625% 15/07/2026	3,169	0.39
2,900,000	Eurofins Scientific 2.875% Perpetual	2,590	0.32
3,000,000	Federal-Mogul Financing 5% 15/07/2024	2,479	0.30
3,300,000	Nidda Healthcare 3.5% 30/09/2024	2,928	0.36
2,728,000	Panther BF Aggregator 2 4.375% 15/05/2026	2,457	0.30
2,907,000	Platin 1426 5.375% 15/06/2023	2,500	0.31
2,800,000	Prosus 2.031% 03/08/2032	2,552	0.31
2,100,000	Sazka 3.875% 15/02/2027	1,646	0.20
2,300,000	Sazka 4.125% 20/11/2024	1,927	0.24
7,099,525	Stichting AK Rabobank Certificaten 6.5% Perpetual	6,988	0.85
4,000,000	Summer (BC) B 5.75% 31/10/2026	3,463	0.42
2,400,000	Teva Pharmaceutical Finance Netherlands II 6% 31/01/2025	2,308	0.28
3,600,000	UniCredit 6.625% Perpetual	3,220	0.39
6,600,000	UniCredit 7.5% Perpetual	6,305	0.77
		92,025	11.24
Indonesian Rupiah Denominated Bonds 0.00% (31 July 2019 0.77%)			
Government Bonds 0.00% (31 July 2019 0.77%)			
Mexican Peso Denominated Bonds 0.00% (31 July 2019 1.15%)			
Government Bonds 0.00% (31 July 2019 1.15%)			
South African Rand Denominated Bonds 0.00% (31 July 2019 0.76%)			
Government Bonds 0.00% (31 July 2019 0.76%)			
Sterling Denominated Bonds 8.61% (31 July 2019 7.75%)			
Asset Backed Security 0.09% (31 July 2019 0.10%)			
900,000	Telereal Secured Finance 4.01% 10/12/2031	699	0.09
		699	0.09

Aegon Diversified Monthly Income Fund

Portfolio Statement (continued)

Holding	Investment	Market Valuation £'000	Total net assets %
Corporate Bonds 8.52% (31 July 2019 7.65%)			
2,700,000	Aroundtown 3.625% 10/04/2031	2,871	0.35
2,828,000	Arqiva Broadcast Finance 6.75% 30/09/2023	2,929	0.36
2,200,000	Aviva 6.875% 20/05/2058	3,239	0.40
3,100,000	AXA 5.453% Perpetual	3,484	0.43
3,200,000	Barclays 7.125% Perpetual	3,250	0.40
3,000,000	BHP Billiton Finance 6.5% 22/10/2077	3,278	0.40
3,500,000	BP Capital Markets 4.25% Perpetual	3,614	0.44
3,028,000	BUPA Finance 5% 08/12/2026	3,411	0.42
550,000	Cheltenham & Gloucester 11.75% Perpetual	1,109	0.13
1,600,000	CPUK Finance 4.25% 28/08/2022	1,562	0.19
1,200,000	Digital Stout 3.75% 17/10/2030	1,430	0.17
900,000	Direct Line Insurance 4% 05/06/2032	969	0.12
1,200,000	DS Smith 2.875% 26/07/2029	1,223	0.15
2,100,000	HBOS Sterling Finance Jersey 7.881% Perpetual	3,222	0.39
2,680,000	HSBC Capital 5.844% Perpetual	3,574	0.44
3,200,000	Intesa Sanpaolo 5.148% 10/06/2030	3,440	0.42
2,107,000	Legal & General 5.5% 27/06/2064	2,530	0.31
3,107,000	Mclaren Finance 5% 01/08/2022	2,511	0.31
1,700,000	MPT Operating Partnership 3.692% 06/05/2028	1,706	0.21
18,000	Nationwide Building Society 10.25% Perpetual	2,864	0.35
800,000	Pearson Funding 3.75% 04/06/2030	863	0.10
2,200,000	Pension Insurance 7.375% Perpetual	2,386	0.29
3,450,000	Pinnacle Bidco 6.375% 15/02/2025	2,913	0.36
1,800,000	Prudential 5.56% 20/07/2055	2,000	0.24
1,807,000	Prudential 5.625% 20/10/2051	2,068	0.25
500,000	RAC 4.87% 06/05/2026	497	0.06
3,700,000	Rothsay Life 3.375% 07/12/2029	3,760	0.46
3,300,000	Virgin Money UK 8% Perpetual	3,015	0.37
		69,718	8.52
United States Dollar Denominated Bonds 23.20% (31 July 2019 21.74%)			
Corporate Bonds 15.38% (31 July 2019 14.17%)			
3,900,000	AerCap 5.875% 10/10/2079	2,258	0.28
2,200,000	AerCap Ireland Capital 6.5% 15/07/2025	1,790	0.22
2,500,000	APT Pipelines 4.25% 15/07/2027	2,152	0.26
4,100,000	Ardagh Packaging Finance 5.25% 15/08/2027	3,248	0.40
3,000,000	AT&T 4.85% 03/01/2039	2,856	0.35
3,000,000	Banco Bilbao Vizcaya Argentaria 6.5% Perpetual	2,167	0.26
4,308,000	Bank of America 5.875% Perpetual	3,494	0.43
4,014,000	BNP Paribas 6.75% Perpetual	3,129	0.38
2,450,000	Carpenter Technology 6.375% 15/07/2028	1,960	0.24
3,100,000	Citigroup 4.7% perpetual	2,272	0.28
159,000	Cleveland-Cliffs 6.75% 15/03/2026	122	0.02
2,100,000	CNAC HK Finbridge 4.625% 14/03/2023	1,712	0.21
1,800,000	Commerzbank 7% Perpetual	1,349	0.16
4,100,000	CommScope 7.125% 01/07/2028	3,307	0.40
3,900,000	Connect Finco 6.75% 10/01/2026	3,028	0.37
3,600,000	Constellium 5.625% 15/06/2028	2,865	0.35
3,200,000	Credit Suisse 7.5% Perpetual	2,673	0.33
1,600,000	Deutsche Bank 6% Perpetual	1,061	0.13
3,203,000	Digital Realty Trust 3.7% 15/08/2027	2,811	0.34
2,500,000	DKT Finance 9.375% 17/06/2023	1,920	0.23
2,970,000	DP World 6.85% 02/07/2037	3,026	0.37
200,000	Drax Finco 6.625% 01/11/2025	158	0.02
1,633,000	Enviva Partners 6.5% 15/01/2026	1,347	0.16
2,000,000	Ford Motor Credit 4.389% 08/01/2026	1,564	0.19

Aegon Diversified Monthly Income Fund

Portfolio Statement (continued)

Holding	Investment	Market Valuation £'000	Total net assets %
Corporate Bonds (continued)			
3,400,000	Fresenius Medical Care US Finance III 3.75% 15/06/2029	2,870	0.35
2,225,000	Gartner 4.5% 01/07/2028	1,788	0.22
5,400,000	GEMS Menasa Cayman 7.125% 31/07/2026	3,954	0.48
2,000,000	General Motors Financial 4.2% 01/03/2021	1,545	0.19
850,000	GLP Capital 4% 15/01/2031	666	0.08
1,300,000	HTA 7% 18/12/2025	1,024	0.13
3,800,000	Imperial Brands Finance 3.5% 26/07/2026	3,144	0.38
4,814,000	ING Groep 6.75% Perpetual	3,816	0.47
5,100,000	JPMorgan Chase 4.6% Perpetual	3,759	0.46
2,744,000	Live Nation Entertainment 4.875% 01/11/2024	1,970	0.24
3,550,000	MARB BondCo 6.875% 19/01/2025	2,827	0.35
1,400,000	MGM Resorts International 6.75% 01/05/2025	1,110	0.14
3,407,000	MPT Operating Partnership 5.25% 01/08/2026	2,733	0.33
1,750,000	Par Petroleum / Petroleum Finance 7.75% 15/12/2025*	1,140	0.14
3,600,000	Phoenix 5.625% Perpetual	2,689	0.33
5,400,000	Prime Security Services Borrower 6.25% 15/01/2028	4,289	0.52
1,710,000	Reynolds American 5.7% 15/08/2035	1,660	0.20
5,000,000	Royal Bank of Scotland 8% Perpetual	4,271	0.52
3,500,000	Royal Caribbean Cruises 9.125% 15/06/2023	2,718	0.33
3,200,000	Starbucks 3.5% 15/11/2050	2,749	0.34
3,800,000	Swedbank 6% Perpetual	2,950	0.36
4,200,000	Swiss Re Finance Luxembourg 4.25% Perpetual	3,212	0.39
1,700,000	Syngenta Finance 5.182% 24/04/2028	1,408	0.17
4,700,000	Teva Pharmaceutical Finance 2.95% 18/12/2022	3,545	0.43
3,000,000	Tullow Oil 7% 01/03/2025	1,377	0.17
3,700,000	UBS 5.125% Perpetual	2,874	0.35
4,214,000	UBS Funding Switzerland 7% Perpetual	3,576	0.44
1,248,000	Vermilion Energy 5.625% 15/03/2025	797	0.10
2,850,000	WESCO Distribution 7.25% 15/06/2028	2,372	0.29
1,000,000	XPO Logistics 6.25% 01/05/2025	825	0.10
		125,927	15.38
Government Bonds 7.82% (31 July 2019 7.57%)			
7,473,000	Mexican Bonos 4.15% 28/03/2027	6,266	0.77
26,985,600	US Treasury Bond 1.125% 28/02/2021	20,678	2.53
27,000,000	US Treasury Bond 1.125% 31/08/2021	20,793	2.54
13,419,600	US Treasury Bond 4.375% 15/02/2038	16,249	1.98
		63,986	7.82
Equities 51.47% (31 July 2019 57.75%)			
Basic Materials 0.84% (31 July 2019 1.98%)			
17,255	Air Products & Chemicals	3,767	0.46
49,648	Albemarle	3,117	0.38
		6,884	0.84
Consumer Goods 0.78% (31 July 2019 3.49%)			
236,110	Anta Sports Products	1,706	0.21
44,704	PepsiCo	4,690	0.57
		6,396	0.78
Consumer Services 2.00% (31 July 2019 1.33%)			
231,208	Koninklijke Ahold Delhaize	5,095	0.62
1,553,261	Sands China	4,573	0.56
3,077,783	Tesco	6,679	0.82
		16,347	2.00

Aegon Diversified Monthly Income Fund

Portfolio Statement (continued)

Holding	Investment	Market Valuation £'000	Total net assets %
Financials 23.77% (31 July 2019 26.74%)			
1,736,553	3i Infrastructure	5,027	0.61
19,796	Allianz	3,149	0.38
17,012	Altarea	1,781	0.22
144,609	Americold Realty Trust	4,445	0.54
4,443,375	Ascendas REIT**	8,641	1.06
8,557,182	Ascott Residence Trust	4,231	0.52
3,507,176	Bilfinger Berger Global Infrastructure SICAV	5,885	0.72
1,977,700	CapitaLand	3,022	0.37
420,323	DBS	4,612	0.56
206,469	Deutsche Wohnen	7,670	0.94
40,864	Digital Realty Trust	4,996	0.61
4,459	GLP J-REIT**	5,630	0.69
1,935,571	Grainger	5,613	0.69
5,819,367	Greencoat Renewables	6,396	0.78
9,694,832	Greencoat UK Wind	14,174	1.73
3,565,262	HICL Infrastructure	5,975	0.73
871,722	Inmobiliaria Colonial Socimi	5,670	0.69
6,335,729	International Public Partnerships	10,327	1.26
203,632	Invitation Homes	4,625	0.56
4,075,391	John Laing Environmental Assets	4,850	0.59
27,623	JPMorgan Chase	2,033	0.25
4,463	Kenedix Residential Next Investment	6,204	0.76
38,888	Leg Immobilien	4,140	0.51
4,803,555	Legal & General	10,275	1.26
100,877	Macquarie	6,755	0.82
4,676,358	NextEnergy Solar Fund	5,004	0.61
148,426	Nimrod Sea Assets***	-	-
1,788,124	Phoenix	11,773	1.44
358,769	Ping An Insurance of China	2,896	0.35
10,660,114	Renewables Infrastructure	14,157	1.73
1,334,892	Secure Income REIT**	3,511	0.43
18,716	Sun Communities	2,137	0.26
1,148,702	UOL	4,219	0.52
16,901	Zurich Financial Services	4,758	0.58
		194,581	23.77
Health Care 3.99% (31 July 2019 3.28%)			
55,191	AstraZeneca	4,707	0.57
48,804	Gilead Sciences	2,586	0.32
340,326	GlaxoSmithKline	5,206	0.64
19,572	Johnson & Johnson	2,174	0.26
332,226	Pfizer	9,738	1.19
304,466	Takeda Pharmaceutical	8,239	1.01
		32,650	3.99
Industrials 8.21% (31 July 2019 10.17%)			
383,889	Atlantia	4,652	0.57
2,437,000	Delta Electronics	12,676	1.55
350,944	Distribucion Integral Logista	4,970	0.61
4,041,563	DP Aircraft I	246	0.03
23,897	Eaton	1,694	0.21
54,023	Eiffage	3,600	0.44
4,219,151	Infratil	10,300	1.26
124,500	Komatsu	1,853	0.22
21,173	Lockheed Martin	6,112	0.75
107,827	Schneider Electric	9,542	1.16
1,218,000	Simplo Technology	10,295	1.26
1,875,107	Swire Pacific 'B'	1,265	0.15
		67,205	8.21

Aegon Diversified Monthly Income Fund

Portfolio Statement (continued)

Holding	Investment	Market Valuation £'000	Total net assets %
	Oil & Gas 0.00% (31 July 2019 1.43%)		
	Technology 3.53% (31 July 2019 5.82%)		
35,567	Broadcom	8,583	1.05
127,111	Maxim Integrated Products	6,593	0.80
165,279	Taiwan Semiconductor Manufacturing	9,932	1.21
18,420	Tokyo Electron	3,816	0.47
		28,924	3.53
	Telecommunications 1.58% (31 July 2019 1.37%)		
314,718	KDDI	7,389	0.90
4,056,168	Singapore Telecommunications	5,589	0.68
		12,978	1.58
	Utilities 6.77% (31 July 2019 2.14%)		
1,009,500	CK Infrastructure	4,004	0.49
136,723	Enagas	2,632	0.32
462,753	Endesa	10,019	1.22
718,275	Enel	5,002	0.61
1,871,030	Energias de Portugal	7,223	0.88
1,871,030	Energias de Portugal (Rights 06/08/2020)	142	0.02
557,415	Iberdrola	5,484	0.67
557,415	Iberdrola (Rights 23/07/2020)	-	-
1,023,209	National Grid	9,211	1.13
24,058	NextEra Energy	5,144	0.63
390,064	SSE	5,073	0.62
803,120	Tilt Renewables	1,471	0.18
		55,405	6.77
	Derivatives and Futures Contracts 2.20% (31 July 2019 (1.02)%)		
	Forward Foreign Exchange Contracts 2.09% (31 July 2019 (0.84)%)		
	Bought CHF 5,700,000 Sold GBP 4,839,998 25/09/2020	(60)	(0.01)
	Bought EUR 4,500,000 Sold GBP 4,076,414 25/09/2020	(18)	-
	Bought EUR 8,831,136 Sold TRY 70,000,000 10/09/2020	582	0.07
	Bought GBP 7,430,166 Sold AUD 13,400,000 25/09/2020	109	0.01
	Bought GBP 2,764,310 Sold CHF 3,250,000 25/09/2020	39	0.01
	Bought GBP 6,701,551 Sold EUR 7,400,000 25/09/2020	28	-
	Bought GBP 4,896,871 Sold EUR 5,400,000 25/09/2020	27	-
	Bought GBP 7,241,244 Sold EUR 8,000,000 25/09/2020	27	-
	Bought GBP 2,457,328 Sold EUR 2,700,000 25/09/2020	23	-
	Bought GBP 4,960,175 Sold EUR 5,500,000 25/09/2020	-	-
	Bought GBP 86,209,878 Sold EUR 96,300,000 10/09/2020	(610)	(0.07)
	Bought GBP 13,291,948 Sold HKD 128,000,000 25/09/2020	713	0.09
	Bought GBP 10,171,918 Sold IDR 187,500,000,000 18/09/2020	553	0.07
	Bought GBP 10,939,845 Sold JPY 1,450,000,000 25/09/2020	487	0.06
	Bought GBP 19,976,003 Sold MXN 564,400,000 25/09/2020	749	0.09
	Bought GBP 12,812,500 Sold NZD 24,600,000 25/09/2020	330	0.04
	Bought GBP 52,871,072 Sold SGD 91,500,000 25/09/2020	2,042	0.25
	Bought GBP 25,937,525 Sold TWD 969,000,000 18/09/2020	652	0.08
	Bought GBP 2,481,592 Sold TWD 91,000,000 18/09/2020	107	0.01
	Bought GBP 2,469,940 Sold TWD 91,000,000 18/09/2020	95	0.01
	Bought GBP 350,564,133 Sold USD 435,150,000 25/09/2020	19,125	2.34
	Bought GBP 17,814,994 Sold USD 22,500,000 25/09/2020	678	0.08
	Bought GBP 2,439,699 Sold USD 3,050,000 25/09/2020	117	0.02
	Bought GBP 8,244,391 Sold USD 10,700,000 25/09/2020	95	0.01
	Bought GBP 3,293,453 Sold USD 4,200,000 25/09/2020	94	0.01
	Bought IDR 176,000,000,000 Sold EUR 10,938,471 10/09/2020	(825)	(0.10)
	Bought JPY 332,000,000 Sold GBP 2,462,291 25/09/2020	(69)	(0.01)

Aegon Diversified Monthly Income Fund

Portfolio Statement (continued)

Holding	Investment	Market Valuation £'000	Total net assets %
	Forward Foreign Exchange Contracts (continued)		
	Bought JPY 990,000,000 Sold GBP 7,346,617 25/09/2020	(210)	(0.02)
	Bought MXN 336,000,000 Sold CHF 14,536,016 10/09/2020	(716)	(0.09)
	Bought MXN 224,000,000 Sold EUR 9,014,085 10/09/2020	(480)	(0.06)
	Bought TRY 70,000,000 Sold EUR 9,012,489 10/09/2020	(726)	(0.09)
	Bought USD 119,500,000 Sold EUR 106,473,310 10/09/2020	(4,962)	(0.61)
	Bought USD 5,100,000 Sold GBP 4,071,625 25/09/2020	(187)	(0.02)
	Bought USD 5,000,000 Sold GBP 4,014,678 25/09/2020	(206)	(0.02)
	Bought USD 5,000,000 Sold GBP 4,070,203 25/09/2020	(262)	(0.03)
	Bought USD 6,000,000 Sold GBP 4,840,837 25/09/2020	(271)	(0.03)
		17,070	2.09
	Futures Contracts 0.11% (31 July 2019 (0.18)%)		
309	EURO-BTP Bond Future Contract September 2020	865	0.11
		865	0.11
	Portfolio of investments****	791,660	96.72
	Net other assets	26,869	3.28
	Total net assets attributable to shareholders	818,529	100.00

Analysis of investments by asset class

	Market Value £'000	Value of investments %
Equities	421,370	51.47
Bonds	352,355	43.05
Derivatives	17,935	2.20
Portfolio of investments****	791,660	96.72
Net other assets	26,869	3.28
Total net assets attributable to shareholders	818,529	100.00

The comparative percentage figures in brackets are at 31 July 2019.

All investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market, unless otherwise stated.

*At risk of default/defaulted or illiquid securities as disclosed on page 16.

**Real Estate Investment Trust.

***Unlisted, suspended and delisted.

****Includes investment liabilities.

Aegon Diversified Monthly Income Fund

Statement of Total Return for the year ended 31 July 2020

			2020		2019
	Note	£'000	£'000	£'000	£'000
Income					
Net capital (losses)/gains	2		(82,367)		21,338
Revenue	3	44,511		33,546	
Expenses	4	(4,841)		(3,569)	
Interest payable and similar charges		(22)		(18)	
Net revenue before taxation		39,648		29,959	
Taxation	5	(5,434)		(3,652)	
Net revenue after taxation			34,214		26,307
Total return before distributions			(48,153)		47,645
Distributions	6		(39,075)		(29,894)
Change in net assets attributable to shareholders from investment activities			(87,228)		17,751

Statement of Change in Net Assets Attributable to Shareholders for the year ended 31 July 2020

		2020		2019
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		740,732		508,932
Amounts transferred from Aegon Global Diversified Income Fund	-		31,493	
Amounts receivable on issue of shares	268,692		261,386	
Amounts payable on cancellation of shares	(126,131)		(98,765)	
		142,561		194,114
Dilution adjustment		524		766
Change in net assets attributable to shareholders from investment activities		(87,228)		17,751
Retained distribution on accumulation shares		21,940		19,169
Closing net assets attributable to shareholders		818,529		740,732

Aegon Diversified Monthly Income Fund

Balance Sheet as at 31 July 2020

			2020		2019
	Note	£'000	£'000	£'000	£'000
Assets					
Fixed assets:					
Investments			801,262		727,048
Current assets:					
Debtors	7	26,436		6,764	
Cash and bank balances	8	24,371		32,958	
			50,807		39,722
Total assets			852,069		766,770
Liabilities					
Investment liabilities			9,602		8,895
Creditors					
Bank overdrafts	9	13,690		-	
Distributions payable		2,495		1,694	
Other creditors	10	7,753		15,449	
Total liabilities			33,540		26,038
Net assets attributable to shareholders			818,529		740,732

Aegon Diversified Monthly Income Fund

Notes to the Financial Statements

1 Accounting policies

The sub-fund's financial statements have been prepared on the basis disclosed on pages 12 to 14.

2 Net capital (losses)/gains

Net capital (losses)/gains comprise:

	2020	2019
	£'000	£'000
(Losses)/gains on non-derivative securities	(71,460)	56,562
Gains/(losses) on forward currency contracts	4,413	(33,638)
Currency exchange (losses)/gains	(4,969)	379
Losses on derivative securities	(10,339)	(1,953)
Transaction charges	(12)	(12)
Net capital (losses)/gains	(82,367)	21,338

3 Revenue

	2020	2019
	£'000	£'000
UK dividends	6,844	5,815
Non-taxable overseas dividends	12,551	9,925
Taxable overseas dividends	2,220	1,711
Property income from REITs	429	502
US REIT dividends	1,520	1,779
Interest on debt securities	15,327	10,539
Bank interest	231	169
Derivative revenue	5,389	3,106
Total revenue	44,511	33,546

4 Expenses*

	2020	2019
	£'000	£'000
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	4,551	3,320
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary fee	125	116
Other expenses:		
Audit fee**	15	17
FT publishing fee	6	5
Investment advisor fees	12	-
Professional fees	4	-
PRIIPs fees	1	4
Registrar's fee	61	58
Safe custody charge	66	49
	165	133
Total expenses	4,841	3,569

*All expenditure stated above is inclusive of irrecoverable VAT where applicable.

**The audit fee (excluding VAT) incurred during the year was £15,000 (2019: £14,508).

5 Taxation

a) Analysis of charge in the year

	2020	2019
	£'000	£'000
Current tax:		
UK corporation tax on profits in the year	4,041	2,838
	4,041	2,838
Double taxation relief	(518)	(459)
Overseas tax suffered	1,911	1,273
Total tax charge for the year (see note 5 (b))	5,434	3,652

Aegon Diversified Monthly Income Fund

Notes to the Financial Statements (continued)

5 Taxation (continued)

b) Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019: lower than) the standard rate of corporation tax for Open Ended Investment Companies 'OEICs' (20%).

The differences are explained below:

	2020	2019
	£'000	£'000
Net revenue before taxation	39,648	29,959
Corporation tax 20% (2019: 20%)	7,930	5,992
Effects of:		
Double taxation relief	(518)	(459)
Overseas tax suffered	1,911	1,273
Relief on overseas tax suffered	(10)	(6)
Revenue not subject to taxation	(3,879)	(3,148)
Total tax charge for the year (see note 5 (a))	5,434	3,652

Open Ended Investment Companies are exempt from tax on capital gains. Therefore, any capital return is not included in the above reconciliations.

6 Distributions

a) Distributions

The distributions take account of amounts receivable on the issue of shares and amounts deductible on the cancellation of shares, and comprise:

	2020	2019
	£'000	£'000
Interim distributions	34,006	26,610
Final distribution	5,581	4,047
	39,587	30,657
Add: amounts deductible on cancellation of shares	562	399
Less: amounts receivable on creation of shares	(1,074)	(1,162)
Distributions	39,075	29,894

Details of the distributions are set out in the tables on pages 277 to 279.

b) Movement between net revenue and distribution

	2020	2019
	£'000	£'000
Net revenue after taxation	34,214	26,307
Expenses transferred to capital	4,863	3,587
Equalisation on conversions	(1)	-
Undistributed revenue carried forward	(1)	-
Distributions	39,075	29,894

7 Debtors

	2020	2019
	£'000	£'000
Accrued revenue	5,729	4,462
Amounts receivable for the issue of shares	1,121	1,850
Corporation tax recoverable	51	-
Reclaimable overseas tax	713	452
Sales awaiting settlement	18,822	-
Debtors	26,436	6,764

8 Cash and bank balances

	2020	2019
	£'000	£'000
Amounts held at futures clearing houses and brokers*	663	11,727
Cash and bank balances	10,265	6,226
Money market deposits	13,443	15,005
Cash and bank balances	24,371	32,958

*Includes cash pledged as collateral of £Nil (2019: £9,820,000).

Aegon Diversified Monthly Income Fund

Notes to the Financial Statements (continued)

9 Bank overdrafts

	2020	2019
	£'000	£'000
Amounts held at futures clearing houses and brokers*	13,690	-
Bank overdrafts	13,690	-

*Includes cash pledged as collateral of £13,690,000 (2019: £Nil).

10 Other creditors

	2020	2019
	£'000	£'000
Accrued ACD periodic charge	383	343
Accrued other expenses	88	60
Amounts payable for the cancellation of shares	1,654	378
Corporation tax payable	-	1,349
Purchases awaiting settlement	5,628	13,319
Other creditors	7,753	15,449

11 Related parties

Related party interests in the sub-fund are disclosed in Note 6 of the Accounting Policies on page 17. Amounts due to the ACD as at year end for the ACD periodic charge and amounts due to the ACD for outstanding cancellations are disclosed in Note 10. Amounts receivable from the ACD as at year end for outstanding issue of shares are disclosed in Note 7. At the year-end 37.91% (2019: 44.12%) of the shares in issue were owned by AEGON Group or AEGON UK companies.

12 Contingent assets, liabilities and commitments

There were no contingent assets, liabilities or commitments present in the sub-fund as at 31 July 2020 (2019: Nil).

13 Financial instruments and risk

The risks associated with the sub-fund are market, concentration, valuation, yield, liquidity, counterparty, and interest rate risk. Narrative disclosures are on pages 15 to 17.

Analysis of investments by credit ratings

	2020		2019	
	Market value	Value of investments	Market value	Value of investments
	£'000	%	£'000	%
Investment grade	157,700	19.25	147,556	19.91
Below investment grade	173,378	21.20	130,255	17.60
Unrated	21,277	2.60	20,135	2.71
Other investments and derivatives	439,305	53.67	420,207	56.73
Portfolio of investments	791,660	96.72	718,153	96.95
Net other assets	26,869	3.28	22,579	3.05
Total net assets attributable to shareholders	818,529	100.00	740,732	100.00

Note - Investment grade securities are defined as securities with a Standard & Poor's, Moody's or Fitch's rating of BBB-, Baa3 and BBB- or above respectively.

Aegon Diversified Monthly Income Fund

Notes to the Financial Statements (continued)

13 Financial instruments and risk (continued)

Derivative risk

The sub-fund invests in derivatives, consistent with the investment objective of the sub-fund, as outlined in the derivative risks section on page 17.

VaR Disclosure

The Manager assesses the market risk of the sub-fund's investments, including any derivative exposure, using a value at risk methodology. This process provides the Manager with an estimate of the maximum potential loss that could be expected to occur as a result of changes in market prices over a given period of time in all but a given percentage of circumstances. The value at risk is calculated on a 95.00% (2019: 95.00%) confidence interval with a one month time horizon and a five year history, using Historical model. The sub-fund has an absolute VaR limit of 14.10% (2019: 14.10%). As at the balance sheet date, the sub-fund's value at risk is 2.83% (2019: 2.66%).

The following table details the lowest, highest and average utilisation of the VaR limit:

	Lowest Utilisation (%)	Highest Utilisation (%)	Average Utilisation (%)
31 July 2020	2.37	3.29	2.64
31 July 2019	2.17	2.92	2.56

Leverage

Average leverage is calculated as the sum of the net asset value and the incremental exposure generated through the use of derivatives (calculated in accordance with the commitment approach (CESR/10-788)) divided by the net asset value. As at 31 July 2020 the average leverage was 136.65% (2019: 106.46%).

Counterparty risk

The risk of entering an arrangement with a counterparty, which is itself subject to financial risks which may affect its ability to trade as a going concern.

The ACD maintains a list of approved counterparties. This list is regularly monitored and revised for changes based on the counterparty's credit-worthiness, market reputation and expectations of future financial performance. Transactions will only be opened with financial intermediaries on the approved counterparties list.

The sub-fund's use of exchange traded derivatives are considered to be free of counterparty risk if the derivative is traded on an exchange where the clearing house is backed by an appropriate performance guarantee and it is characterised by a daily mark-to-market valuation of the derivative position and at least daily margining.

At 31 July 2020, the market value of the exchange traded derivatives held by the sub-fund was £865,000 (2019: £(1,304,000)).

The following details exposure to counterparties obtained through the use of derivatives:

As at 31 July 2020

Counterparty	Futures Exposure £'000	Forward Foreign Exchange Contracts Exposure £'000	Collateral Pledge £'000
Barclays	-	5,280	(4,450)
BNP Paribas	-	11,790	(9,240)
UBS	865	-	-

As at 31 July 2019

Counterparty	Futures Exposure £'000	Forward Foreign Exchange Contracts Exposure £'000	Collateral Pledge £'000
Barclays	-	-	2,210
BNP Paribas	-	-	7,610

Positive exposure represents the sub-fund's exposure to that counterparty and not the sub-fund's holdings with that counterparty.

Aegon Diversified Monthly Income Fund

Notes to the Financial Statements (continued)

14 Portfolio transaction costs

Purchases

31 July 2020	Value £'000	Commissions £'000	%	Other Costs* £'000	%
Debt securities	344,347	-	-	-	-
Equities	305,800	178	0.06	316	0.10
Collective investment schemes	1,033	1	0.10	-	-
Total	651,180	179		316	
Total purchases including transaction costs	651,675				
31 July 2019					
Debt securities	222,503	-	-	-	-
Equities	271,630	141	0.00	222	0.08
In-specie from Aegon Global Diversified Income Fund	26,702	-	-	-	-
Total	520,835	141		222	
Total purchases including transaction costs	521,198				

Sales

31 July 2020	Value £'000	Commissions £'000	%	Other Costs* £'000	%
Debt securities	278,060	-	-	(24)	0.01
Equities	253,460	(145)	0.06	(14)	0.01
Total	531,520	(145)		(38)	
Total sales net of transaction costs	531,337				
31 July 2019					
Debt securities	125,175	-	-	-	-
Equities	221,064	(129)	0.06	(38)	0.02
Total	346,239	(129)		(38)	
Total sales net of transaction costs	346,072				

Derivatives

31 July 2020	Commissions £'000
Futures	5
31 July 2019	
Futures	11

*Other Costs includes taxes and any other costs other than commissions incurred by the sub-fund when buying and selling an underlying investment.

The purchases and sales are not subject to portfolio transaction costs.

Portfolio transaction costs are incurred by the sub-fund when buying and selling underlying investments. These vary depending on the class of investment, country of exchange and method of execution. These costs can be classified as either direct or indirect transaction costs:

- Direct transaction costs: Broker commissions, fees and taxes.
- Indirect transaction costs: 'Dealing spread' - the difference between the buying and selling prices of the sub-fund's underlying investments.

In order to protect existing investors from the effects of dilution, portfolio transaction costs incurred as a result of investors buying and selling shares in the sub-fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

At the balance sheet date, the portfolio dealing spread was 0.54% (2019: 0.33%), being the difference between the respective bid and offer prices for the sub-fund's investments.

Aegon Diversified Monthly Income Fund

Notes to the Financial Statements (continued)

15 Fair value hierarchy

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The fair value hierarchy has the following levels:

Level 1 – Unadjusted quoted price in an active market for an identical instrument.

Level 2 – Valuation techniques using observable inputs other than quoted prices within level 1.

Level 3 – Valuation techniques using unobservable inputs.

Basis of valuation	2020		2019	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
1 - Unadjusted quoted prices	475,105	-	470,632	(1,304)
2 - Observable market data	326,157	(9,602)	256,416	(7,591)
3 - Unobservable data	-	-	-	-
	801,262	(9,602)	727,048	(8,895)

16 Share classes

The sub-fund currently has two share classes; A (Retail) and B (Institutional). The ACD's periodic charge on each share class is as follows:

A share class: 1.25%

B share class: 0.75%

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative tables on pages 260 to 262. The distribution per share class is given in the distribution tables on pages 277 to 279. All share classes have the same rights on winding up.

Share class movement reconciliation

31 July 2020	Opening	Creations	Cancellations	Converted	Closing
A Accumulation	1,040,543	786,879	(657,922)	(69,278)	1,100,222
A Income*	642,731	134,000	(170,000)	(606,731)	-
B Accumulation	294,708,495	76,603,807	(48,718,441)	155,555	322,749,416
B Income	279,093,646	143,833,001	(57,564,858)	908,452	366,270,241
D Accumulation**	19,509	23,572	-	(43,081)	-
D Income**	390,763	249	-	(391,012)	-

*Share class closed on 24 April 2020.

**Share classes closed on 3 February 2020.

17 Post balance sheet events

The table below shows the net asset values per share as at the balance sheet date, compared against values as at 23 November 2020 and the percentage movement in that period:

Net assets per share

	31 July 2020	23 November 2020	Movement
A Accumulation	134.80	142.57	5.77%
B Accumulation	139.50	147.80	5.95%
B Income	100.15	105.30	5.14%

Aegon Diversified Monthly Income Fund

Distribution Tables

Share Class A Accumulation

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2018/9 Total Paid
31/08/19	30/09/19	Group 1	0.4173	N/A		
		Group 2	0.0591	0.3582	0.4173	0.4025
30/09/19	31/10/19	Group 1	0.4265	N/A		
		Group 2	0.0000	0.4265	0.4265	0.4025
31/10/19	30/11/19	Group 1	0.4385	N/A		
		Group 2	0.0000	0.4385	0.4385	0.4243
30/11/19	31/12/19	Group 1	0.4637	N/A		
		Group 2	0.0000	0.4637	0.4637	0.4243
31/12/19	31/01/20	Group 1	0.5197	N/A		
		Group 2	0.0000	0.5197	0.5197	0.4243
31/01/20	29/02/20	Group 1	0.5508	N/A		
		Group 2	0.0000	0.5508	0.5508	0.5578
29/02/20	31/03/20	Group 1	0.5648	N/A		
		Group 2	0.0284	0.5364	0.5648	0.5803
31/03/20	30/04/20	Group 1	0.5648	N/A		
		Group 2	0.0000	0.5648	0.5648	0.5803
30/04/20	31/05/20	Group 1	0.5648	N/A		
		Group 2	0.0000	0.5648	0.5648	0.6236
31/05/20	30/06/20	Group 1	0.5648	N/A		
		Group 2	0.0000	0.5648	0.5648	0.7103
30/06/20	31/07/20	Group 1	0.5648	N/A		
		Group 2	0.0000	0.5648	0.5648	0.7418
31/07/20	31/08/20	Group 1	1.1330	N/A		
		Group 2	0.1569	0.9761	1.1330	1.1099

Share Class A Income**

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2018/9 Total Paid
31/08/19	30/09/19	Group 1	0.3128	N/A		
		Group 2	0.3128	0.0000	0.3128	0.3173
30/09/19	31/10/19	Group 1	0.3188	N/A		
		Group 2	0.3188	0.0000	0.3188	0.3173
31/10/19	30/11/19	Group 1	0.3268	N/A		
		Group 2	0.3268	0.0000	0.3268	0.3325
30/11/19	31/12/19	Group 1	0.3445	N/A		
		Group 2	0.3445	0.0000	0.3445	0.3325
31/12/19	31/01/20	Group 1	0.3849	N/A		
		Group 2	0.0000	0.3849	0.3849	0.3325
31/01/20	29/02/20	Group 1	0.4065	N/A		
		Group 2	0.4065	0.0000	0.4065	0.4328
29/02/20	31/03/20	Group 1	0.4153	N/A		
		Group 2	0.0000	0.4153	0.4153	0.4485
31/03/20	30/04/20	Group 1	0.4153	N/A		
		Group 2	0.0942	0.3211	0.4153	0.4485
30/04/20	31/05/20	Group 1	-	-	-	0.4778
31/05/20	30/06/20	Group 1	-	-	-	0.5418
		Group 2	-	-	-	
30/06/20	31/07/20	Group 1	-	-	-	0.5629
		Group 2	-	-	-	
31/07/20	31/08/20	Group 1	-	-	-	0.7381
		Group 2	-	-	-	

All distributions above are in pence per share unless specifically stated.

*Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being a capital repayment, it is not liable to income tax but must be deducted from the cost of the shares for capital gains tax purposes.

**Share class closed on 24 April 2020.

Aegon Diversified Monthly Income Fund

Distribution Tables (continued)

Share Class B Accumulation

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2018/9 Total Paid
31/08/19	30/09/19	Group 1	0.4297	N/A	0.4297	0.4121
		Group 2	0.0777	0.3520		
30/09/19	31/10/19	Group 1	0.4393	N/A	0.4393	0.4121
		Group 2	0.0000	0.4393		
31/10/19	30/11/19	Group 1	0.4519	N/A	0.4519	0.4348
		Group 2	0.0000	0.4519		
30/11/19	31/12/19	Group 1	0.4781	N/A	0.4781	0.4348
		Group 2	0.0000	0.4781		
31/12/19	31/01/20	Group 1	0.5360	N/A	0.5360	0.4348
		Group 2	0.0000	0.5360		
31/01/20	29/02/20	Group 1	0.5684	N/A	0.5684	0.5724
		Group 2	0.0000	0.5684		
29/02/20	31/03/20	Group 1	0.5831	N/A	0.5831	0.5958
		Group 2	0.0345	0.5486		
31/03/20	30/04/20	Group 1	0.5831	N/A	0.5831	0.5958
		Group 2	0.0869	0.4962		
30/04/20	31/05/20	Group 1	0.5831	N/A	0.5831	0.6408
		Group 2	0.0000	0.5831		
31/05/20	30/06/20	Group 1	0.5831	N/A	0.5831	0.7303
		Group 2	0.0000	0.5831		
30/06/20	31/07/20	Group 1	0.5831	N/A	0.5831	0.7630
		Group 2	0.0000	0.5831		
31/07/20	31/08/20	Group 1	0.9523	N/A	0.9523	0.7946
		Group 2	0.2666	0.6857		

Share Class B Income

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2018/9 Total Paid
31/08/19	30/09/19	Group 1	0.3236	N/A	0.3236	0.3259
		Group 2	0.0881	0.2355		
30/09/19	31/10/19	Group 1	0.3299	N/A	0.3299	0.3259
		Group 2	0.0000	0.3299		
31/10/19	30/11/19	Group 1	0.3383	N/A	0.3383	0.3418
		Group 2	0.0000	0.3383		
30/11/19	31/12/19	Group 1	0.3569	N/A	0.3569	0.3418
		Group 2	0.0000	0.3569		
31/12/19	31/01/20	Group 1	0.3989	N/A	0.3989	0.3418
		Group 2	0.0000	0.3989		
31/01/20	29/02/20	Group 1	0.4215	N/A	0.4215	0.4456
		Group 2	0.0000	0.4215		
29/02/20	31/03/20	Group 1	0.4307	N/A	0.4307	0.4619
		Group 2	0.0000	0.4307		
31/03/20	30/04/20	Group 1	0.4307	N/A	0.4307	0.4619
		Group 2	0.0692	0.3615		
30/04/20	31/05/20	Group 1	0.4307	N/A	0.4307	0.4926
		Group 2	0.0000	0.4307		
31/05/20	30/06/20	Group 1	0.4307	N/A	0.4307	0.5589
		Group 2	0.0000	0.4307		
30/06/20	31/07/20	Group 1	0.4307	N/A	0.4307	0.5808
		Group 2	0.0000	0.4307		
31/07/20	31/08/20	Group 1	0.6812	N/A	0.6812	0.6042
		Group 2	0.1517	0.5295		

All distributions above are in pence per share unless specifically stated.

*Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being a capital repayment, it is not liable to income tax but must be deducted from the cost of the shares for capital gains tax purposes.

Aegon Diversified Monthly Income Fund

Distribution Tables (continued)

Share Class D Accumulation***

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2018/9 Total Paid
31/08/19	30/09/19	Group 1	0.4257	N/A		
		Group 2	0.0000	0.4257	0.4257	0.4090
30/09/19	31/10/19	Group 1	0.4351	N/A		
		Group 2	0.0000	0.4351	0.4351	0.4090
31/10/19	30/11/19	Group 1	0.4475	N/A		
		Group 2	0.0000	0.4475	0.4475	0.4314
30/11/19	31/12/19	Group 1	0.4734	N/A		
		Group 2	0.0000	0.4734	0.4734	0.4314
31/12/19	31/01/20	Group 1	0.5307	N/A		
		Group 2	0.0000	0.5307	0.5307	0.4314
31/01/20	29/02/20	Group 1	0.5626	N/A		
		Group 2	0.0000	0.5626	0.5626	0.5677
29/02/20	31/03/20	Group 1	-	-	-	0.5908
		Group 2				
31/03/20	30/04/20	Group 1	-	-	-	0.5908
		Group 2				
30/04/20	31/05/20	Group 1	-	-	-	0.6353
		Group 2				
31/05/20	30/06/20	Group 1	-	-	-	0.7238
		Group 2				
30/06/20	31/07/20	Group 1	-	-	-	0.7561
		Group 2				
31/07/20	31/08/20	Group 1	-	-	-	0.8620
		Group 2				

Share Class D Income***

Period end	Pay date		Net Revenue	Equalisation*	Total Payable	2018/9 Total Paid
31/08/19	30/09/19	Group 1	0.3198	N/A		
		Group 2	0.0000	0.3198	0.3198	0.3229
30/09/19	31/10/19	Group 1	0.3260	N/A		
		Group 2	0.0000	0.3260	0.3260	0.3229
31/10/19	30/11/19	Group 1	0.3343	N/A		
		Group 2	0.0000	0.3343	0.3343	0.3386
30/11/19	31/12/19	Group 1	0.3525	N/A		
		Group 2	0.0000	0.3525	0.3525	0.3386
31/12/19	31/01/20	Group 1	0.3940	N/A		
		Group 2	0.0000	0.3940	0.3940	0.3386
31/01/20	29/02/20	Group 1	0.4162	N/A		
		Group 2	0.0000	0.4162	0.4162	0.4411
29/02/20	31/03/20	Group 1	-	-	-	0.4572
		Group 2				
31/03/20	30/04/20	Group 1	-	-	-	0.4572
		Group 2				
30/04/20	31/05/20	Group 1	-	-	-	0.4874
		Group 2				
31/05/20	30/06/20	Group 1	-	-	-	0.5529
		Group 2				
30/06/20	31/07/20	Group 1	-	-	-	0.5746
		Group 2				
31/07/20	31/08/20	Group 1	-	-	-	0.6550
		Group 2				

All distributions above are in pence per share unless specifically stated.

*Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being a capital repayment, it is not liable to income tax but must be deducted from the cost of the shares for capital gains tax purposes.

***Share classes closed on 3 February 2020.

Aegon Asset Management UK ICVC

Further Information (unaudited)

Shares

Each sub-fund may have up to seven share class types, A, B, C, D, E, G and S class. Further information on investment limits, management charges and currency denomination is available from the ACD on request. The sub-funds may offer different types of shares within the classes.

Income shares – Investors with this type of share receive income payments from their shareholding periodically.

Accumulation shares – With this type of share all income earned on investments will be reinvested into the sub-fund.

Valuation point

The valuation point for each sub-fund is midday on each dealing day. The sub-funds deal on a forward basis.

Buying and selling shares

Buying

New investors or existing shareholders who wish to purchase shares may do so by contacting their IFA, stockbroker, banker or solicitor who will provide you with an application form or alternatively telephone our dealing team on 0800 358 3009 and place your order. No remittance is required at this stage; a contract note will be sent to you on the same day or the following business day after receipt of the purchase instructions.

Selling

You can sell your shares back to the Manager at the next quoted price, on the dealing day following receipt of your instructions. You will then receive your contract note, and within 3 business days of our receipt of the completed statement of renunciation you will receive a cheque for the amount due.

Shares may normally be bought or sold on any working day between 9am and 5pm.

You may also save on a regular basis from as little as £50 a month. Contributions will be made by direct debit.

A share exchange service may, at the ACD's discretion, be available in respect of investment amounts of £1,000 or more.

You may also choose to invest through the AEGON ISA.

Further details on our services and products are available from our Customer Services Team whom you can call free on 0800 358 3009.

Share class conversions

As a result of the Retail Distribution Review and a move from share classes with higher ACD's periodic charge, to share classes with lower ACD's periodic charge, it is important to bring to your attention the potential tax implications from converting between classes. Investment availability is detailed in the prospectus.

The Company has seven share classes available: Our A class, typically carrying an ACD's periodic charge of 1.50%, our B class, typically carrying an ACD's periodic charge of 0.75%, our C class, typically carrying an ACD's periodic charge of 0.15%, our D class, typically carrying an ACD's periodic charge of 1.00%, our E class, typically carrying an ACD's periodic charge of 1.50%, our G class, typically carrying an ACD's periodic charge of 0.50% and our S class, typically carrying an ACD's periodic charge of 0.55%.

Clients wishing and eligible to convert their holdings from the A class to the B class or D class should be aware that the B class or D class will have a higher income yield, as a result of lower ACD's periodic charge. To ensure the existing shareholders within the B or D class are not diluted by the transfer of a lower amount of revenue from the A class investor, the A class investor must convert a portion of capital to revenue in order to match the yield in the B or D class.

Clients should note that this will only apply to bond sub-funds, as revenue is received gross. Equity sub-funds are assumed to receive their revenue net, and suffer no additional taxation. This additional taxation can be mostly avoided by converting on a fund's Ex-Dividend (XD) Date after revenue has been accounted for as distributed.

Securities Financial Transactions Regulations

None of the sub-funds in the Company currently undertakes securities financing transactions (as defined in Article 3 of Regulation (EU) 2015/2365) or uses total return swaps.

Aegon Asset Management UK ICVC

Further Information (unaudited) (continued)

Remuneration Policy

Aegon Asset Management UK ICVC is managed by Aegon Asset Management UK Plc.

The Remuneration Committee of Aegon Asset Management UK Plc has established a UCITS Remuneration Policy to ensure that the requirements of the UCITS Remuneration Code are met proportionately for all UCITS Remuneration Code Staff. This policy applies to Aegon Asset Management UK Plc and the UCITS it manages.

There are no material changes to the adopted remuneration policy since the previous Annual Report for year ended 31 December 2019 was published.

Further information with respect to Aegon Asset Management UK Plc remuneration policy is available in Aegon Asset Management UK Plc Annual Report and Accounts and in Aegon Asset Management UK Plc regulatory Pillar III disclosure (which are available on the responsible investing part of the Aegon Asset Management website).

Employee Remuneration Disclosure

The table below provides an overview of the following:

- Aggregate total remuneration paid by Aegon Asset Management UK plc to all Aegon Asset Management UK plc staff; and
- Aggregate total remuneration paid by Aegon Asset Management UK plc to Remuneration Code Staff

	Headcount	Total Remuneration £'000
Aegon Asset Management UK plc Staff	299	33,156
of which		
Fixed remuneration	299	20,539
Variable remuneration	299	12,617

Due to the nature of the business in which Aegon Asset Management UK plc operates, it is not possible to accurately allocate the time spent by each employee on each UCITS scheme. As such it has been deemed appropriate to disclose total remuneration information for Aegon Asset Management UK plc.

	Headcount	Total Remuneration £'000
Aegon Asset Management UK plc Remuneration Code Staff	9	4,183
of which		
Senior Management	2	1,360
Other Code Staff	7	2,823

UCITS Manager activities

The following table provides an overview of the size and composition of the funds managed by Aegon Asset Management UK plc, including Aegon Asset Management UK ICVC. This shows the total number of funds managed, the split between, and proportions of AIF, UCITS and other funds including segregated mandates:

	Number of Funds	AUM £'000	% of AUM
Aegon Asset Management UK plc remuneration Code Staff	31	36,214,724	100.00%
of which			
Alternative Investment Funds	5	3,751,500	10.36%
UCITS Funds	11	1,668,371	4.61%
Other Funds			
Money managed on behalf of other clients		26,184,871	72.30%
Aegon Asset Management UK ICVC	15	4,609,982	12.73%

* These figures are stated as at 30 June 2020. These figures are presented to the nearest £million in line with all others in the table.

Aegon Asset Management UK ICVC

Further Information (unaudited) (continued)

Glossary

UCITS Manager Remuneration Code Staff

Total remuneration will be reported for all UCITS Manager Remuneration Code Staff as at the UCITS schemes financial year-end. Broadly speaking, UCITS Manager Remuneration Code Staff are those employees who are considered could have a material impact on the risk profile of Aegon Asset Management UK plc or any of the UCITS schemes it manages (including Aegon Asset Management UK ICVC plc).

AuM

Assets under management are measured at fair market value on the relevant cut-off date. The latest available valuations are reported in the Annual Report & Accounts.

Other Code Staff

UCITS Manager Remuneration Code Staff that are not considered Senior Management, per the definition below.

Senior Management

UCITS Manager Remuneration Code Staff who are members of Aegon Asset Management UK plc board.

Total Remuneration

Total remuneration reported will be the sum of salary, cash bonus, any deferred annual bonus, the fair value of any long term incentive awards, plus the value (actual or estimated) of any pension or benefits in kind, awarded in respect of performance in the reportable financial year, i.e. 1 January 2019 – 31 December 2019.

Who to contact

Investors

 aegonam@ntrs.com

 0800 358 3009

Our investor helpdesk is open from 8.30am to 5.30pm (Monday to Friday)

To improve customer service, and for training purposes, call may be recorded.