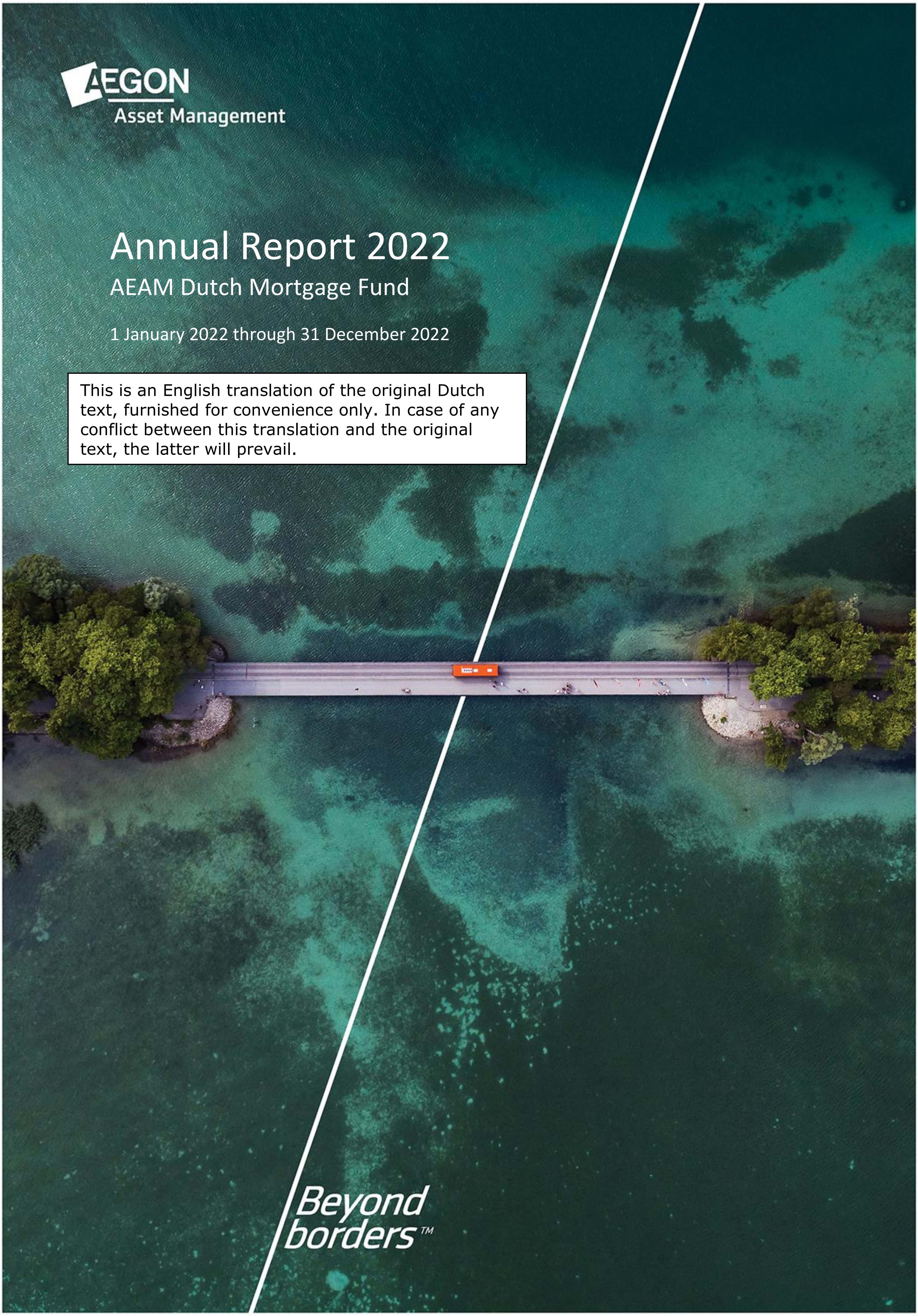
AEGON Asset Management

Annual Report 2022

AEAM Dutch Mortgage Fund

1 January 2022 through 31 December 2022

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



Beyond borders™

Contents

1 General information

Manager
Aegon Investment Management B.V. (AIM), established in The Hague, of which the board consist of:
- R.R.S. Santokhi
- B. Bakker
- O.A.W.J. van den Heuvel

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

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Independent auditor
PricewaterhouseCoopers Accountants N.V.
Fascinatio Boulevard 350
3065 WB Rotterdam
Postbus 8800
3009 AV Rotterdam

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

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

Starting date
The fund is established on 30 august 2013.

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

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

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

Sustainability
The "do no significant harm" principle applies only to those investments underlying to this financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining part of this financial product do not take into account the EU criteria for environmentally sustainable economic activities. We confirm that the ecological and social characteristics as stated in the prospectus at the beginning of the reporting period relating to this fund are met.

Information regarding the environmentally and social characteristics of this fund are available in the annex (Periodic Sustainability Disclosure AeAM Dutch Mortgage Fund).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2 Report of the Investment Manager

2.1 Economic developments

Economy 2022

On the economic front, 2022 saw a sharp transition, the seeds of which were already planted years earlier. The global economy abruptly went from a period of low inflation and low interest rates to one of high inflation and higher interest rates. Furthermore, a transition also took place in the (geo)political domain, where, after a long period of globalisation, power blocs once more want to be more independent of each other.

During the pandemic, governments supported consumers and businesses with sizeable fiscal measures. These ensured that unemployment was very low at the beginning of 2022 and consumers also had high levels of savings which gave them confidence as they emerged from the pandemic. At the same time, central banks had kept the interest rate very low and have implemented extensive purchasing programmes. Partly because of this, valuations of financial assets, such as the equity markets, rose. And house prices rose sharply worldwide. Taken together, this produced a strong economic recovery. On the flip side, inflation began to rise. This was further compounded by disruptions in the production of goods caused by the restrictions in place to combat the pandemic. In 2021, Russia began scaling back on gas supplies to Europe. This was to put pressure on Europe in the run up to the invasion of Ukraine. Energy prices rose sharply as a result. This further accelerated the inflation.

To prevent that this should lead to an inflationary spiral, the central banks decided to scale back on their loose monetary policy. However, during 2022, economic growth remained high, due to continued high consumer spending. But it also became clearer that wage inflation was starting to pick up strongly. In addition, the energy situation deteriorated as Russia gradually cut gas supplies to Europe. This caused inflation to keep rising, exceeding the initial expectations.

Central banks therefore felt compelled to tighten monetary policy even further. The rise in the policy rates in 2022 was unprecedented. In 2022, the US central bank raised the policy rate from just 0.25% at the beginning of 2022 to 4.5% at the end of the year. During the year, the European Central Bank raised the deposit rate from -0.5% to 2.0%. A number of monetary purchasing programmes were also scaled back.

The exception was the central bank of Japan which left policy unchanged, causing the Yen to fall sharply. At the end of the year, it did finally raise the range within which Japanese government bonds can move.

The energy crisis is hitting Europe particularly hard. Europe is largely dependent on imports to meet its energy needs. Last year, Europe tried to find as many alternatives as possible to the falling gas supplies from Russia. These alternatives such as LNG and coal have risen sharply in price. As a result, Europe's trade surplus has turned into a large deficit. Consumer spending is coming under pressure due to high energy costs, which is likely to push Europe into recession. At the beginning of the year, there were fears that this should be a very deep recession, but Europe has been relatively successful in scaling back energy consumption and finding alternatives. Nevertheless, a mild recession seems inevitable.

In the UK, among other countries, the energy crisis hit hard because of the high dependence on gas imports. Declining investment and exports because of Brexit also weighed heavily on the economy. In July, Liz Truss was elected as party leader of the Conservative Party, becoming prime minister of the UK. She advocated a highly controversial economic policy. Investors feared soaring budget and balance of payments deficits, causing sterling to fall sharply and the interest rate to rise. Because of this, she resigned in October. Her successor, Rishi Sunak, followed a more widely accepted policy that led to the recovery of the financial markets.

In 2022, China's economic engine also began to sputter. The slowdown in the property market continued. In addition, repeated strict lockdowns dampened growth. At the end of the year, citizens protested against the strict Covid-19 policy. In response, the government decided to lift almost all of the restrictions. In the short term, this will cause delays.

The midterm elections in the US, provided a better outcome for the Democratic party than initially expected. Republicans hold a majority in the House of Representatives, while the Democrats hold the majority in the Senate. President Biden's room for manoeuvre is thus limited but is a little bit more than expected.

Elections in Europe gave French President Macron success while, in Italy, the right-wing bloc easily won the elections.

2.2 Financial markets

Housing market

The Dutch housing market, in 2022, has shown a trend change compared to previous years and is at a tipping point. Whereas in past years house prices continued to rise, we have seen a change in this since the second half of 2022. The CBS price index in December 2022 was 2.7% higher than a year earlier but also 4.5% lower than its peak in the summer of 2022. According to the Dutch Association of Estate Agents (NVM), house prices were already down 6.4% in December compared to a year earlier. One of the reasons for this recent house price fall is the rapid increase in mortgage interest rates over the past year which has had a negative effect on consumer confidence and affordability for new buyers. Another consequence of the rising interest rates and falling consumer confidence is a drop in the number of transactions. According to the CBS, the number of homes sold fell by about 14% year on year. \

2.3 Key figures

Key figures	2022	2021	2020	2019	2018
Overview per participation[1]					
Changes in fair value	(1.99)	(0.18)	(0.10)	0.60	(0.05)
Investment result	0.32	0.36	0.35	0.35	0.35
Total result	**(1.67)**	**0.18**	**0.25**	**0.95**	**0.30**
Management fee and other expenses	(0.06)	(0.06)	(0.06)	(0.06)	(0.06)
Net result	**(1.73)**	**0.12**	**0.19**	**0.89**	**0.24**
Dividend paid per participation	(0.25)	(0.27)	(0.27)	(0.29)	(0.30)
Net asset value (x € 1,000)	8,889,676	11,657,077	12,677,488	13,270,176	13,109,580
Outstanding number of participations	854,988,471	944,784,473	1,014,337,051	1,052,728,078	1,092,069,500
Net asset value per participation	10.40	12.34	12.50	12.61	12.00
Performance[2]					
Performance (net asset value)	(14.00%)	0.87%	1.52%	7.68%	1.91%
Performance benchmark	(19.52%)	(3.60%)	3.71%	3.98%	2.27%
Outperformance	6.85%	4.63%			
Outperformance since inception	26.42%	18.31%			
Annualised outperformance since inception	2.59%	2.08%			

2.4 Investment policy

In 2022, the AeAM Dutch Mortgage Fund realised a return of -14.00% after costs. The return can be explained by the following factors: the change in the market value of the mortgages and the interest received. During the year the weighted Aegon mortgage interest rate for the AeAM Dutch Mortgage Fund decreased. The fall in the mortgage interest rates had a negative effect on the market value of the mortgages. In December 2022, prepayment parameters were recalibrated to the most recent dates, which again had a negative effect on the market value. Measured throughout the year, the market value of mortgages fell by 16%. Interest received could only partially compensate for this fall at 2.5%. There were no credit losses last year.

The return of -14.00% after costs is an outperformance of 6.85% compared to the benchmark. The fund has a Dutch government bond index as benchmark (JP Morgan Government Bond Index Traded Netherlands). During 2022 the Dutch government rate increased which led to a negative performance for the benchmark. Due to higher interest rates on Dutch mortgages (at the end of December, the 10-year Dutch government interest rate stood at 2.9% compared to 4.3% for the fund) and a lower duration, the fund outperformed the benchmark for 2022.

The fund invests in new mortgages on Dutch residences, granted by Aegon after 1 January 2013, and thus bears debtor risk via mortgages. These new mortgages comply with the more stringent granting criteria, implemented since January 2013. The maximum LTV (loan compared to value of collateral) against which mortgages can be granted decreased in annual steps of 1% to the present maximum of 100%. Moreover, repayment has become the norm. A considerable part of the mortgages in the fund has a straight-line or other form of repayment (70.3%).

[1] Amounts per participation are based on the average number of participations during the year.
[2] The performance is the time weighted return after costs calculated on a daily basis. The outperformance figures since inception are presented in 2022 for the first time, therefore no comparative figures included.

At the end of December 2022, the percentage of NHG mortgages was 49.5%. At the end of December the mortgage fund duration is 6.00. The fund does not make use of derivatives.

The fund has dealt with the various risks as follows:

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

Last year's interest rate hikes are likely to have a negative impact on the mortgage market next year. Due to rising interest rates and inflation, affordability for borrowers is decreasing and real estate prices are expected to fall. The impact on the fund is expected to be limited due to the low Debt-Service-to-Income ratio (average of 16% at the end of December) and low LTV (average of 48.8% at the end of December).

2.5 Risk management

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

- Interest risk
- Inflation risk
- Credit risk
- Liquidity risk
- Climate Risk
- Leverage (a measure of the degree of the applied leverage)

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

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

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

Interest risk

Interest risk occurs as a result of investments in fixed income securities. Interest risk is usually measured by the duration. This risk is measured as the deviation (in years of under- or overweighed) in duration from the benchmark.

Inflation risk

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

Credit risk

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

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

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

For newly acquired mortgage receivables, restrictions imposed will apply on additional purchases of mortgage receivables. The measure that is taken:

- Non-NHG mortgages are maximised at 50%
- Loan-to-Value ratio is maximised at 106%

Liquidity risk

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

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

The liquidity management system:

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

Climate Risk

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

Leverage

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

The gross method:

- excludes from the calculations the value of the cash and cash equivalents and the highly liquid investments in euro of the fund that can immediately be converted into cash and cash equivalents, subject to an insignificant risk of changes in value and provide a yield not exceeding the yield on three months high-quality government bonds;
- converts derivative positions (using specific conversion methods) to the equivalent position of the underlying assets;

- excludes loans that are cash borrowings for which the amount due is known;
- includes exposures due to reinvested cash borrowings, expressed as the higher of the market value of the investments or the total amount of borrowed cash; and
- includes positions in repo- or reverse repo transactions and security lending arrangements.

The commitment method:

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

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

Risk limits management

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

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

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

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

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

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

All limits are calculated, checked and moinitored by AIM on a daily basis and the results are reported in a combined overview of warnings and breaches.

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

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

Operational risk management

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

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

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

Risk management by the fund manager

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

- First Line of defence

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

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

- Second Line of defense

The second line is executed by the Enterprise Risk Management (ERM), Portfolio Risk Management (PRM), Portfolio Risk Control (PRC) and Compliance. The task of the second line is to identify, register and monitor AIM's risks and assess, advise and support the first line. Second line enforces the risk culture within the first line to encourage the management on its risk management responsibilities.

- Third Line of defense

The third line of defense is executed by Internal Audit organization. Internal Audit is independently organized related to AIM and has the mandate to assess all processes performed by the first and second line.

Operational risks of the Fund

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

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

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

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

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

- Unreliable process execution by the external managers, resulting in insufficient performance, incidents and lack of transparency. This can lead to operational losses and reputational damage.

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

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

Continuity management
The purpose of continuity management by the fund manager is to ensure the continuity of its activities, to establish trust, safeguarding of assets, to meet obligations, comply with the internal and external regulations and to prevent or mitigate damage and risk. The fund manager has taken measures to reduce the risk of a disruption of continuity to an acceptable level as much as possible. This will ensure that the fund manager maintains a prudent operational risk profile both under normal business conditions as well as under extreme conditions due to unforeseen events.

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

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

During the year no restriction overruns have occurred.

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

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

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

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

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

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

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

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

Fraud Risk
The fund manager faces operational risks as a result of operational failures or external events, such as processing errors, inaccuracies, adverse employee behavior and non-compliance with laws and regulations.

Internal fraud can cause significant financial and reputational damage. In addition, attention is paid to preventing and detecting external fraud committed by, for example, customers or third parties.

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

Among other things, training sessions for employees and conducting due diligence with regard to customers and business partners can restrict fraud risk .

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

SIRA is performed every year by the various Aegon Group entities. Compliance took part in this exercise once more in 2022 on behalf of AIM B.V with the intention of identifying and managing integrity risks. In the 1st phase, the focus was on gaining insight into the exposure of AIM B.V. to such risks through its strategy, customers, culture, business partners and products. In the 2nd phase, the integrity risk was assessed and valued This has resulted in the valuation of integrity risks without the existence of control measures (inherent risk) and with the existence of control measures as they work in practice (residual risk).

One integrity risk that Compliance assumes with relation to AIM B.V. has been assessed and valued in the SIRA 2022 and is the fraud risk. This was done on the basis of various scenarios such as:

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

All but two of the inherent risk associated with these scenarios has been valued as outside the risk tolerance. However, given the existing control measures and their effectiveness, the remaining risks have all been assessed as below or within the risk tolerance. The valuation was based on two axes, namely the likelihood of the risk occurring and its impact on business operations.

These are some examples of control measures that AIM B.V. has been determined to implement during the SIRA 2022 by Compliance:

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

DUFAS

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

GIPS

Aegon Investment Management B.V. (“AIM”), a private company with limited liability incorporated under the laws of the Netherlands [and having its registered office in The Hague, the Netherlands], is a Dutch investment management business that is authorised and regulated by the Dutch Authority for the Financial Markets. AIM is a wholly-owned subsidiary of Aegon Asset Management Holding B.V. and an indirect wholly-owned subsidiary of Aegon N.V. AIM is part of Aegon Asset Management, the global investment management brand of Aegon Group and operates under the brand name Aegon Asset Management NL ("AAM NL"). For the purposes of applying the GIPS Standards, the firm is defined as this legal entity excluding the AIM Multi-Manager Group as they are organizationally and functionally operating as a cohesive group, have common control over investment discretion and management, and have autonomy over the investment decision making process.

Aegon Asset Management NL claims compliance with the Global Investment Performance Standards (GIPS®) and has been independently verified for the periods 1 January 2001 through 31 December 2020. The verification report is available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report.

2.6 Notes on the remuneration policy

Remuneration Policy

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

Transparency of remuneration rules in relation to the integration of sustainability risks

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

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

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

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

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

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

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

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

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

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

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

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

Personnel compensation for the financial year 2022

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

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

[1] 1 FTE = 40 contractual hours per week
[2] This consists of twelve times the monthly salary and a fixed flexible budget (including, among others, holiday allowance and 13th month allowance).

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

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

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

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

2.7 Laws and regulations

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

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

2.8 General outlook

General
Markets keep on being full of uncertainty. It is expected that war between Ukraine and Russia will continue for a long time. This causes pressure on Western economies to keep on supporting Ukraine materially and financially, which will have impact on the economy in general and on financial markets in particular. Commotion in Asia about China’s intentions with Taiwan, and the way China has coped with the COVID pandemic, could have a negative impact on markets and faith in the economy.

A new crisis in the financial sector has frightened the world at the start of 2023. Despite all lessons from 2008, banks ran into trouble once again. Governments had to interrupt. A possible crisis in financing the technology sector was prevented by warranting credits of the SVB bank in the United States. In Europe, Credit Suisse bank ran into trouble. Finally, the Swiss government forced UBS bank to take over Credit Suisse. Both issues resulted in considerable depreciations of equities and bonds, which didn’t help trust in the markets.

Latin Amerika is frightened by considerable social unrest in some countries. In Peru, the president was dismissed, which resulted in severe riots. Protests, riots and assaults make this part of the world very uncertain to invest, despite the investing possibilities in commodities like lithium, copper and hydrogen.

Central banks have started to rise interest rates in 2022. It is expected this will continue in 2023. This leads to higher finance cost for companies, which may have a negative impact on investments. This also impedes the possibilities for governments to support the economy because of higher financing cost. Rising inflation will cause higher prices, which will harm purchasing power.

For next year we expect continuing uncertainties on many markets. Different scenarios could lead to very volatile results. But interesting investment possibilities could appear by using this volatility by investing on the right moment. On the longer term, we expect continuing economic growth, which will have a positive impact on our results.

During 2002, an announcement was made that the Dutch insurance company a.s.r. will take over the insurance activities of Aegon in the Netherlands. This transaction has no impact on the value of the funds as managed by Aegon Asset Management at the end of 2022.

Housing market
In contrast to last year, in 2022 we have seen the necessary break in trends which have persisted for a very long time. Mortgage rates have been following a downward path since early 2013. This trend came to an abrupt end in Q1 as a result of a change in central bank policy. The same applies to house prices, but in the opposite direction. Since 2013, there had been an upward trend which, shortly after the interest rate hike, was broken and house prices started to fall. As a result of Russia's invasion of Ukraine, we only saw the price pressure already present in Europe increase further. This led to the firm intervention of the central banks. We currently find ourselves at a tipping point. The firm action by the central banks seems to be successful and the inflation figures have started a cautious decline. Market expectations are that there will be further small interest rate hikes in the first half of 2023 to push inflation definitely back towards 2%. Mortgage lenders will want to preserve their margins and will closely monitor these moves of the central banks and also raise their interest rates a little further if necessary. If mortgage rates still rise slightly, this increases the likelihood of a further decline in house prices. Because of the increased mortgage interest rate, less refinancing and falling house prices caused by declining consumer confidence, the number of transactions is expected to decline further in the coming year. Nevertheless, more and more households foresee better conditions for buying a home in the coming period, possibly due to the wider offer and the less hectic sentiment in the housing market. The increase in supply is expected to continue for a while. One of the explanatory factors is that people are now putting their current home up for sale before buying a new one. However, once house prices have fallen far enough to compensate for the sharp rise in the mortgage interest rate, demand is expected to pick up again. At what price point this will happen is impossible to determine accurately in advance and the speed of the fall that has already started is also difficult to predict. Another adverse effect resulting from the higher interest rate and the cooling economy is the falling house building production in the coming years. This can mean that the temporary upturn resulting from the fall in prices will only be short-lived if a pick-up in demand again reduces the larger offer. Thus, in the medium term, all is again not looking good for first-time buyers and there is also work for the government to do in coming up with a well thought-out long-term vision.

The Hague, 7 April 2023

The investment manager

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

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

3 Financial Statements AEAM Dutch Mortgage Fund

3.1 Balance sheet as at 31 December

Balance Sheet (before appropriation of result) (amounts x € 1,000)	Reference	2022	2021
Assets			
Investments			
Mortgage receivables		8,692,557	11,300,017
Call money		122,230	195,460
Total investments	3.4.2	**8,814,787**	**11,495,477**
Receivables			
Outstanding transactions in financial instruments		63,327	150,960
Other receivables	3.4.4	23,981	33,341
Total receivables		**87,308**	**184,301**
Total assets		**8,902,095**	**11,679,778**
Liabilities			
Net asset value			
Net assets before result		10,442,225	11,543,123
Result for the year		(1,552,549)	113,954
Total net asset value	3.4.5	**8,889,676**	**11,657,077**
Short term liabilities			
Outstanding transactions in financial instruments		9,675	19,910
Other payables and liabilities	3.4.6	2,744	2,791
Total short term liabilities		**12,419**	**22,701**
Total liabilities		**8,902,095**	**11,679,778**

3.2 Profit and loss statement

Profit and loss statement			
(amounts x € 1,000)	Reference	2022	2021
Direct result			
Interest mortgage receivables		286,479	353,243
Interest bank accounts		-	2
Total direct result		**286,479**	**353,245**
Realised investment results		-	-
Unrealised investment results		(1,789,176)	(180,552)
Total indirect result[3]		**(1,789,176)**	**(180,552)**
Total investment result	3.4.8	**(1,502,697)**	**172,693**
Operating expenses			
Management fee		(20,676)	(25,668)
Service fee		(1,969)	(2,445)
Servicing fee mortgages		(27,006)	(29,625)
Interest call money		(100)	(873)
Interest bank accounts		(57)	(39)
Other expenses		(44)	(89)
Total operating expenses	3.4.10	**(49,852)**	**(58,739)**
Net result		**(1,552,549)**	**113,954**

3.3 Cash flow statement

Cash flow statement			
(amounts x € 1,000)	Reference	2022	2021
Cash flow from investment activities			
Mortgage loans issued		(271,778)	(315,123)
Mortgage loans repayments		1,167,460	1,160,122
Net receipts/(payments) for call money transactions		73,230	(2,388)
Interest received		295,839	348,717
Management fee paid		(20,539)	(25,398)
Service fee paid		(1,956)	(2,475)
Servicing fee paid mortgages		(27,203)	(28,089)
Interest paid		(157)	(912)
Other expenses paid		(44)	(89)
Net cash flow from investment activities		**1,214,852**	**1,134,365**
Cash flow from financing activities			
Subscriptions		66,041	172,143
Redemptions		(1,219,404)	(1,231,418)
Dividend paid		(61,489)	(75,090)
Net cash flow from financing activities		**(1,214,852)**	**(1,134,365)**
Net cash flow		**-**	**-**
Cash and cash equivalents opening balance		-	-
Cash and cash equivalents closing balance		**-**	**-**

[3] The investment results have been split in the profit and loss statement into realised and unrealised results. This is a presentation change compared to last year in which the total was combined as investment results.

3.4 Notes to the financial statements

3.4.1 Accounting principles and the calculation methods for ratios

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

Unless indicated otherwise, amounts are reflected in euro.

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

Continuity
The financial statements have been prepared on a going concern basis on the reasonable assumption that the fund is, or will be, able to meet its obligations. Relevant facts and circumstances have been considered to arrive at the going concern assumption. Aspects considered include:

- Fund performance during the year and performance measures;
- Frequent monitoring of the fund's risk profile, market developments and existing or emerging risks, for example risks related to Russian securities and counterparty risk to Credit Suisse;
- Fund stress testing of income statement results under different market stress scenarios, such as one-time shocks, historical or macro economic scenarios;
- Monitoring the liquidity of subscriptions and redemptions in the funds, taking into account the nature of the investors, concentration of investors and redemption options;
- Overview, reporting and escalation to the fund manager AIM B.V.

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

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

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

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

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

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

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

Investments
Investments in mortgage receivables are held to maturity. These investments are not considered to be part of the trading portfolio.

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

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

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

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

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

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

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

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

Cash and cash equivalents
Cash and cash equivalents are valued at nominal value.

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

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

3.4.2 Investments

Movement schedule of investments		
(amounts x € 1,000)	2022	2021
Mortgage receivables		
Opening balance	11,300,017	12,337,608
Issued	261,543	319,270
Repayments	(1,079,827)	(1,176,309)
Revaluation	(1,789,176)	(180,552)
Closing balance	**8,692,557**	**11,300,017**
Call money		
Opening balance	195,460	193,072
Net amount for transactions in call money	(73,230)	2,388
Closing balance	**122,230**	**195,460**

3.4.3 Risks with respect to financial instruments

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

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

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

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

Market risk

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

Mortageportfolio to product

	2022	2021
Product		
Annuity	61,8%	62,4%
Interest-only	29,7%	28,7%
Linear repayment	4,4%	4,7%
Bank savings (“Bankspaar”)	3,5%	3,7%
Savings (“Spaar”)	0,4%	0,5%
Life Insurance	0,2%	0,0%
Total as at 31 december	**100.0%**	**100.0%**

Distribution portfolio by region

Mortgage receivable portfolio by province

	2022	2021
Province		
Drenthe	3,4%	3,4%
Flevoland	2,0%	2,0%
Friesland	4,2%	4,1%
Gelderland	14,4%	14,3%
Groningen	3,5%	3,5%
Limburg	7,1%	6,9%
Noord-Brabant	16,1%	16,0%
Noord-Holland	12,1%	12,3%
Overijssel	8,1%	8,0%
Utrecht	8,2%	8,3%
Zeeland	2,6%	2,6%
Zuid-Holland	18,3%	18,6%
Total as at 31 december	**100.0%**	**100.0%**

Interest rate risk

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

Remaining fixed rate period 2022

(amounts x € 1,000)			2021			
	Shorter than 1 year	**Between 1 and 5 years**	**Between 5 and 10 years**	**Between 10 and 20 years**	**Longer than 20 years**	**Total**
Mortgage receivables	86,630	194,374	307,325	6,302,356	1,801,872	8,692,557
Call money	122,230	-	-	-	-	122,230
Total	**208,860**	**194,374**	**307,325**	**6,302,356**	**1,801,872**	**8,814,787**

Remaining fixed rate period 2021

(amounts x € 1,000)	2020					
	Shorter than 1 year	Between 1 and 5 years	Between 5 and 10 years	Between 10 and 20 years	Longer than 20 years	Total
Mortgage receivables	82,388	290,377	360,550	8,273,623	2,293,079	11,300,017
Call money	195,460	-	-	-	-	195,460
Total	**277,848**	**290,377**	**360,550**	**8,273,623**	**2,293,079**	**11,495,477**

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

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

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

The amount which best represents the maximum credit risk of the fund is € 8,902,095,000 (2021: € 11,679,778,000).

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

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

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

	2022	2021
Remaining debt		
Lower than 100.000	7.3%	5.8%
100.000 – 150.000	16.0%	15.0%
150.000 – 200.000	24.2%	23.9%
200.000 – 250.000	20.7%	22.2%
250.000 – 300.000	12.4%	12.9%
300.000 – 350.000	7.2%	7.6%
350.000 – 400.000	4.9%	5.0%
Higher than 400.000	7.3%	7.6%
Total as at 31 December	**100.0%**	**100.0%**

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

	2022	2021
Remaining debt		
NHG	49.5%	50.8%
0 through 50%	24.9%	17.6%
50% through 100%	25.6%	31.6%
Total as at 31 December	**100.0%**	**100.0%**

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

The total losses on mortgage receivables in 2022 amount to € 0 (2021: € 249,000).

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

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

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

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

3.4.4 Other receivables

Other receivables		
(amounts x € 1,000)	2022	2021
Accrued interest	23,981	33,341
Total as at 31 December	**23,981**	**33,341**

3.4.5 Net asset value

Movement schedule net asset value		
(amounts x € 1,000)	2022	2021
Net asset value participants		
Opening balance	11,657,077	12,677,488
Subscriptions	237,984	370,048
Redemptions	(1,219,404)	(1,231,418)
Dividends	(233,432)	(272,995)
Closing balance	**10,442,225**	**11,543,123**
Net result for the year	**(1,552,549)**	**113,954**
Total net asset value as at 31 December	**8,889,676**	**11,657,077**

Investments without a quoted market price in an active market require a revaluation reserve for the unrealised positive revaluation. The unrealised positive revaluation for these investments amounts to € 0 (2021: € 855,035,000).

Movement schedule of participations		
	2022	2021
Number of participations as at 1 January	944,784,473	1,014,337,051
Subscriptions	20,535,505	30,006,859
Redemptions	(110,331,507)	(99,559,437)
Number of participations as at 31 December	**854,988,471**	**944,784,473**

Historical summary			
	2022	2021	2020
Net asset value (X € 1,000)	8,889,676	11,657,077	12,677,488
Number of participations outstanding (units)	854,988,471	944,784,473	1,014,337,051
Net asset value per participation in €	10.40	12.34	12.50
Performance (net asset value)	(14.00%)	0.87%	1.52%

Dividend
Payment of dividend over 2022 took place on 25 January 2023 for an amount of € 0.21 per participation. The dividend amount is based on the direct result minus the fees and expenses of the financial year 2022. The dividend amount is also based on the average interest rate of the mortgage receivables in 2022 and the average net asset value of the fund.

3.4.6 Other payables

Other payables		
(amounts x € 1,000)	2022	2021
Management fee payable	407	270
Service fee payable	39	26
Servicing fee mortgages payable	2,298	2,495
Total as at 31 December	2,744	2,791

3.4.7 Profit and loss statement

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

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

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

Expenses
Expenses are recorded in the period to which they relate.

3.4.8 Changes in fair value of investments

Changes in fair value of investments		
(amounts x € 1,000)	2022	2021
Unrealised price- and currency losses mortgage recievables	(1,789,176)	(180,552)
Total as at 31 December	**(1,789,176)**	**(180,552)**

3.4.9 Subscription and redemption fee

The fund does not charge subscription and redemption fees.

3.4.10 Costs and fees

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

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

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

The service fee amounts to 0.02% per year of the net asset value.

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

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

- The OCF represents the ratio between ongoing costs and the average net asset value. The ongoing costs include all expenses that have been charged to the fund during the reporting period, with the exception of subscription- and redemption fees, performance fees, transaction costs for investments and interest expenses on bank accounts. The fund can invest in other Aegon funds. In addition to the costs directly recognised by the fund, the calculation of the fund’s ongoing costs also includes the ongoing costs of other Aegon funds in which the fund invests as well as the costs of fee sharing agreements.
- The average net asset value is based on the number of days when a net asset value calculation was performed during the reporting period.

The overview below shows the costs during the year:

OCF		
(amounts x € 1,000)	2022	2021
Average net asset value	9,868,160	12,216,864
Total costs within the fund including fee sharing agreements	49,651	57,738
Total costs	**49,651**	**57,738**
OCF	**0.50%**	**0.47%**

Turnover Ratio (TR)

The Turnover Ratio gives an indication of the turnover of the fund's investment portfolio by providing insight in the extent to which the fund manager actively changes the investment portfolio based on his investment decisions. The Turnover Ratio gives information on the relative amount of transaction costs involved with portfolio management. Active portfolio management means higher transaction costs. A turnover ratio of 200 indicates that purchase- and sales transactions have been executed for twice the amount of the average net asset value on top of the purchase- and sales transactions caused by subscriptions and redemptions of participants. Transaction in call money are not included in the calculation of the TR.

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

A fund can invest partially or entirely in participations in other Aegon investment funds in which the actual purchases and sales of investments take place. The TR of the underlying Aegon investment funds is more relevant and will be disclosed in the Financial Statements of this particular Aegon investment fund.

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

TR		
(amounts x € 1,000)	2022	2021
Purchases of investments	261,543	319,270
Sales of investments	1,079,827	1,176,309
Total investment transactions	**1,341,370**	**1,495,579**
Subscriptions	178,957	197,905
Redemptions	1,016,947	1,059,276
Total movements in participations	**1,195,904**	**1,257,181**
Average net asset value	9,868,160	12,216,864
TR	**1**	**2**

Related parties

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

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

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

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

- Cash management: Aegon N.V. performs day-to-day cash management duties and manages the funds' aggregate cash pool.

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

Aegon Hypotheken B.V.
The fund pays Aegon Hypotheken B.V. a fee for services related to the distribution of mortgage receivables and the management of the mortgage portfolio. These services consist, among others, of administration of the mortgage portfolio, communication with overdue debtors, provision of payments regarding mortgage receivables loans and providing management reports to the fund.

Outsourcing
The fund manager has delegated tasks to the following parties in the context of the management of the fund:
- Aegon Asset Management Value Hub B.V.: shared service centre for transaction processing and performance measurement;
- Aegon Derivatives N.V.: services related to the management of cash and collateral;
- Aegon EDC Limited: IT infrastructure services;
- Aegon USA Investment Management LLC : external asset manager for select equity portfolios;
- External asset manager(s) for management of the investment portfolio;
- Citibank N.A. (London Branch): operational execution of securities lending transactions, fund accounting and corporate actions;
- Aegon N.V. (Group Treasury): services in the field of cash management;
- Aegon Asset Management UK Plc.I: calculation of fund performance and benchmark performance;

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

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

Hard commissions and softdollar arrangements
The fund does not enter into hard commission arrangements. With respect to softdollar arrangements, AIM complies with the DUFAS Fund Governance Principles. AIM is charged by brokers for research information. This research information is beneficial to the fund and its participants.

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

3.4.11 Events after balance sheet date

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

The Hague, 7 April 2023

The investment manager

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

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

4 Other information

4.1 Dividend Proposal

On 20 January 2022, there was a dividend payment for the 2021 financial year of € 0.25 per participation. The dividend payment is based on the direct result minus the operating expenses for the 2021 financial year. The dividend payment is also based on the average interest rate of the mortgages in 2021 and the average net asset value.

4.2 Management board interests

During 2022, the board members of the investment manager held no direct or indirect interests in the fund or in any of the external managers appointed by the fund.

Independent auditor's report

To: the investment manager of AEAM Dutch Mortgage Fund

Report on the financial statements 2022

Our opinion

In our opinion, the financial statements of AEAM Dutch Mortgage Fund ('the fund') give a true and fair view of the financial position of the fund as at 31 December 2022, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2022 of AEAM Dutch Mortgage Fund in The Hague included in this annual report.

The financial statements comprise:
- the balance sheet as at 31 December 2022;
- the profit and loss statement for the year then ended; and
- the notes, comprising a summary of the accounting policies applied and other explanatory information.

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

The basis for our opinion

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

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

Independence

We are independent of AEAM Dutch Mortgage Fund in accordance with the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assurance opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

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Information in support of our opinion

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

Audit approach fraud risks

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

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

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

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

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

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

Control procedures include evaluating the design and implementation of controls designed to mitigate fraud risks (such as processing and reviewing journal entries) and procedures for unexpected journal entries with the use of data-analysis.

With respect to the risk of fraud in revenue recognition, based on our risk analysis, we have concluded that this risk is related to revenue recognition in areas that are more complex, non-systematic or manual in nature. For the fund, this concerns the accuracy of the unrealized results of the investments because these are directly related to the valuation of the mortgage loans.
We have tested the unrealized results of investments through our work on the valuation of mortgage loans as at 31 December 2022. In addition, we performed a recalculation to determine that all unrealized value changes have been correctly accounted for.

We also incorporated an element of unpredictability in our audit. We have also taken notice of correspondence with regulators and have remained alert to indications of fraud during the audit. We also considered the outcome of other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance of laws and regulations. Whenever we identify any indications of fraud, we re-evaluate our fraud risk assessment and its impact on our audit procedures.

Audit approach going concern

The fund invests in Dutch mortgage loans where the collateral are Dutch residential homes. As of December 31, 2022, the fund has no material external financing. As of December 31, 2022, the fund mainly holds illiquid investments in Dutch mortgage loans, which means there is a chance of liquidity risks in the event of a possible disruption in the financial markets.

As disclosed in the 'Continuity' section in the notes to the financial statements, the investment manager has performed their assessment of the fund's ability to continue as a going concern for at least 12 months from the date of preparation of the financial statements and has not identified events or conditions that may cast significant doubt on the fund's ability to continue as a going (hereinafter: going concern risks).

Our procedures to evaluate the investment manager's going concern assessment include, among other things:

- considering whether the investment manager's going concern assessment contains all relevant information of which we are aware as a result of our audit, obtaining additional evidence and questioning the investment manager about key assumptions and principles

- analysing the issue of participations after the end of the financial year and assessing whether these may indicate continuity risks

- taking note of the prospectus with the described possibility of the investment manager to temporarily suspend or limit applications for the redemption or subscription of shares in exceptional cases

- obtaining information from the investment manager about its knowledge of continuity risks after the period of the continuity assessment performed by the investment manager.

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

Report on the other information included in the annual report

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

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

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

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

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

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

Responsibilities for the financial statements and the audit

Responsibilities of the investment manager for the financial statements

The investment manager is responsible for:

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

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

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

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

Rotterdam, 7 April 2023
PricewaterhouseCoopers Accountants N.V.

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

Appendix to our auditor's report on the financial statements 2022 of AEAM Dutch Mortgage Fund

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

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

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

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

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

Periodic sustainability disclosure AEAM Dutch Mortgage Fund

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

Product name: AEAM Dutch Mortgage Fund
Legal entity identifier: 5493009ZIRT0TOO3ZP50

Environmental and/or social characteristics

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

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

Did this financial product have a sustainable investment objective? *[tick and fill in as relevant, the percentage figure represents the minimum commitment to sustainable investments]*

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

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

This mandate actively avoided investing in companies identified as having significant adverse impact on biodiversity, environment, human rights and health by adhering to the exclusions list in the Aegon AM Sustainability Risks and Impacts Policy.

New Investments
During the reporting period no investments were made in companies identified to be involved in excluded activities.

Existing Positions
Positions that no longer complied with the Aegon AM Sustainability Risks and Impacts Policy are actively managed and unwinded during the Reporting Period.

Following the Russian invasion of Ukraine Aegon Investment Management B.V. has announced in March 2022 that it will not make future investments in Russia or Belarus and has updated its Responsible Investment Policy accordingly. Additionally, Aegon Investment Management B.V. has also looked at options to reduce its existing investment exposure to Russian and Belarussian companies and sovereigns in a thoughtful way after placing these on the exclusion list, while considering the interests of all stakeholders. Reduce the exposure was challenging from a financial and legal perspective, which meant that these investments were held and valued at 0 after they had been placed on the exclusion list. The exposure to these investments is now negligible.

How did the sustainability indicators perform?

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

Duurzaamheidsindicator	Eenheid	Waarde
Share of investments that derive 5% or more of their revenues from thermal coal exploration, mining or refining.	(% involved)	0
Share of investments in companies that produce more than 20 million tonnes of thermal coal annually and are actively expanding exploration, mining or refining operations, even if this is less than 5% of revenues	(% involved)	0
Share of investments that derive 5% or more of their revenues from thermal coal-fired electricity generation	(% involved)	0
Share of investments in companies that own coal-fired electricity generation capacity greater than 10 gigawatts and are actively expanding coal-fired electricity production capacity are also excluded, even if this is less than 5% of revenues	(% involved)	0
Share of investments that derive 5% or more of their total oil equivalent production from oil sands	(% involved)	0
Share of investments that derive 5% or more of their revenue from oil and gas exploration and production in offshore Arctic regions	(% involved)	0
Share of investments in pipeline operators and which are significantly involved in oil sands transportation	(% involved)	0
Share of investments in companies that derive 5% or more of their revenues from palm oil production and/or distribution	(% involved)	0
Share of investments in companies managing forests with 75% or lower FSC certification coverage	(% involved)	0
Share of investment companies that derive 5% or more of their revenues from tobacco production.	(% involved)	0
Share of investments in government-issued debt (e.g., government bonds) from countries that systematically breach human rights or from a country whose government is subject to an arms embargo by the United Nations Security Council, the United States, the European Union or another relevant multilateral arms embargo is in place.	(% involved)	0
Share of investments in companies involved in development, production, maintenance and trade of: - Anti-personnel mines - Biological or chemical weapons - Cluster munitions - Ammunitions containing depleted uranium - Incendiary weapons using white phosphorus - Nuclear weapon systems	(% involved)	0
Share of investment in companies that produce or develop key and dedicated components for controversial weapons, as listed above, or offer essential services for their use	(% involved)	0

Share of investments in companies that are involved in arms trade to countries where an arms embargo by the United Nations Security Council, the United States, the European Union or another relevant multilateral arms embargo is in place	(% involved)	0
Share of investments in companies that are involved in arms trade to countries that are part of a war zone	(% involved)	0

…and compared to previous periods?

In 2021 the periodic report also included high level information on sustainability indicators. Following additional regulations entering into force, the sustainability indicators covering this periodic report have been refined and therefore these cannot be compared to the previous period.

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

Not applicable

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

Not applicable

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

Not applicable

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

Not applicable

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

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

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

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

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

The Investment Manager considers one principal adverse impact indicator: The degree of energy inefficiency of the financed properties. By ensuring that the Investment Manager solely selects mortgage originators that offer

favourable financing conditions for homes with superior energy performance, this financial product effectively takes into account the energy efficiency of the real estate assets being financed. More information on how PAIs were considered during a specific reporting period can be found in the SFDR periodic disclosure.

PAI Metrics:

Adverse sustainability indicator		Metric	Impact 2022
Climate and other environment-related indicators			
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions (tCO2eq)	1,751.58
		Scope 2 GHG emissions (tCO2eq)	857.15
		Scope 3 GHG emissions (tCO2eq)	-
		Total GHG emissions (tCO2eq)	2,660.92
	2. Carbon footprint	Carbon footprint (tCO2eq/EURm)	1.30
	3. GHG intensity of investee companies	GHG intensity of investee companies (tCO2eq/EURm)	-
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	-
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage	-
		Share of non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage	-
	6. Energy consumption intensity per high impact climate sector	Agriculture, Forestry & Fishing (GWh/EURm)	-
		Construction (GWh/EURm)	-
		Electricity, Gas, Steam and Air Conditioning Supply (GWh/EURm)	-
		Manufacturing (GWh/EURm)	-
		Mining & Quarrying (GWh/EURm)	-
		Real Estate Activities (GWh/EURm)	-
		Transportation & Storage (GWh/EURm)	-
		Water Supply, Sewerage, Waste Management & Remediation (GWh/EURm)	-
		Wholesale & Retail Trade & Repair of Motor Vehicles & Motorcycles (GWh/EURm)	-
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity sensitive areas where activities of those investee companies negatively affect those areas	-
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	-

Waste	9. Hazardous waste ratio	Tonnes of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average	-
Social and employee, respect for human rights, anti-corruption and anti-bribery matters			
	10. Violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	-
	11. Lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complains handling mechanisms to address violations	-
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	-
	13. Board gender diversity	Average ratio of female to male board members in investee companies	-
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	-

Indicators applicable to investments in sovereigns and supranationals

Adverse sustainability indicator		Metric	Impact 2022
Environmental	15.GHG intensity	GHG intensity of investee countries (KtonCO2eq/EURm)	-
Social	16.Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	-

Indicators applicable to investments in real estate assets

Adverse sustainability indicator		Metric	Impact 2022
Fossil fuels	17.Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transportation or manufacture of fossil fuels	-
Energy efficiency	18.Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	59.58

Other Corporate indicators for principal adverse impact

Adverse sustainability indicator		Metric	Impact 2022
Greenhouse gas emissions	2.4 Investing in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	-
Human rights	3.9 Lack of a Human Rights Policy	Share of investments in companies without a human rights policy	-

Other Corporate indicators for principal adverse impact

Adverse sustainability indicator		Metric	Impact 2022
	Share of bonds not issued under Union legislation on environmentally sustainable bonds	Share of bonds not issued under Union legislation on environmentally sustainable bonds	-
	Average income inequality score	Average income inequality score	-

What were the top investments of this financial product?

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: 1-1-2022 through 31-12-2022

Largest investments	Sector	% Assets	Country
AEGON Hypotheken BV	Mortgage receivables	100.0	Nederland

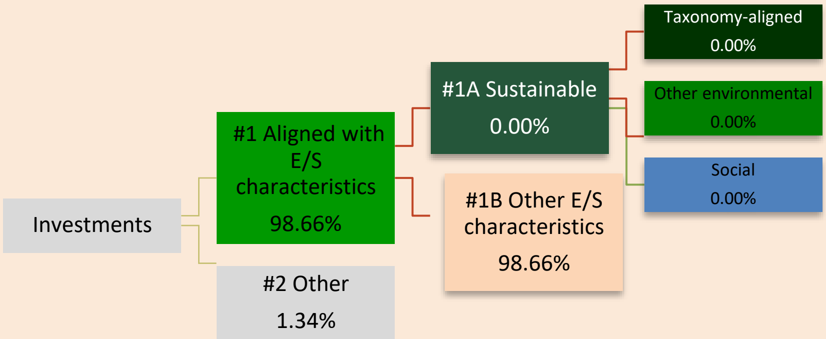
The top 15 holdings are composed on the basis of direct holdings in issuers and underlying investments of funds where information was available.

What was the proportion of sustainability-related investments?

0,00%

Asset allocation describes the share of investments in specific assets.

What was the asset allocation?



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

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

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

In which economic sectors were the investments made?

Sector	% Assets
Mortgage receivables	98,66%

The sector allocation may not be 100%. There may be investments that cannot be assigned to a sector (e.g. cash, derivatives).

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

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

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

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

The percentage of sustainable investments with an environmental objective aligned with the EU Taxonomy made by this product is negligible (<0.5%). To reach this conclusion, the Fund Manager has reviewed the current holdings based on actually reported Taxonomy alignment. The data provider has clarified that the estimated data made available by them is currently not considered sufficiently equivalent under the EU Taxonomy. Therefore, the estimated data is not taken into account.

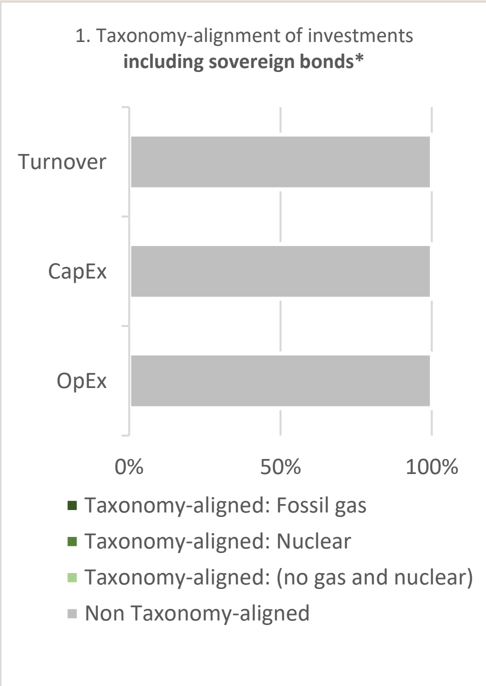
Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy[4]?

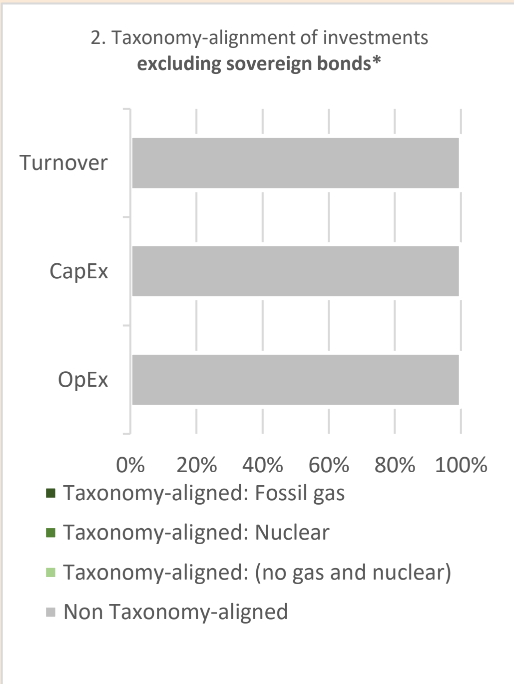
☐ **Yes:**

☐ In fossil gas ☐ In nuclear energy

☒ **No**

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





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

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

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

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

  Not applicable

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

  Not applicable

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

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

Not applicable

What was the share of socially sustainable investments?

Not applicable

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

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

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

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

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

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the financial product.

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

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

  Not applicable

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

  Not applicable

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

  Not applicable

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

  Not applicable