

22 December 2023

Dear Shareholder

Changes to Aegon Ethical Corporate Bond Fund, Aegon Ethical Cautious Managed Fund and Aegon Ethical Equity Fund, sub-funds of Aegon Asset Management UK ICVC (the “Company”)

You have received this letter because you are a shareholder in the Aegon Ethical Corporate Bond Fund, Aegon Ethical Cautious Managed Fund and/or Aegon Ethical Equity Fund, sub-funds of the Company (the “Funds”).

We are writing to you to let you know about some changes to the way manage the Funds. Please note that the changes described in this letter do not entail a change to the risk profile of the Funds.

Please read this letter carefully as it contains important information regarding upcoming changes to the Investment Policy wording of the Fund as well as the introduction of the limited use of derivatives in respect of the Aegon Ethical Corporate Bond Fund only.

In this letter, when we say ‘we’ or ‘us’, we mean Aegon Asset Management UK plc, as authorised corporate director (“ACD”) of the Company. As ACD, we are responsible for the day-to-day management and operation of the Company and the Funds. The purpose of this letter is to explain the changes we are making. **You don’t need to take any action in response to this letter**, but we would encourage you to familiarise yourself with the changes.

A glossary of key terms is included at the end of this letter.

Changes to the Investment Policy of the Aegon Ethical Corporate Bond Fund

The Investment Policy sets out how we seek to meet the investment objective.

Currently, the Aegon Ethical Corporate Bond Fund’s bond investments are denominated in Sterling. The amendment we will make to the Investment Policy is to reflect that up to 20% of the Aegon Ethical Corporate Bond Fund’s bond investments could be denominated in currencies other than Sterling. The reason for this change is to reflect the desire for broader investment opportunities. Over time, we, as ACD of the Aegon Ethical Corporate Bond Fund, consider that the Sterling market is set to narrow to a select few sectors which, in turn, would make it difficult to maintain a desired level of diversification if the Aegon Ethical Corporate Bond Fund is restricted to the Sterling market only. By lifting this restriction and broadening out to the dollar and euro markets (where we feel the wider consumer and industrial sectors are better represented) it will help address concerns over maintaining diversification. It is also intended that the non-Sterling bond investments will be hedged-back to Sterling using derivatives in order to reduce currency risk.

Ethical Screening of the Funds

The Funds use an ethical screening service which has recently been amended for greater clarity and to align with the results of a questionnaire issued to shareholders of the Funds. We will need to make changes to the ethical screening criteria set out in the Prospectus of the Funds to reflect this. This amendment will require no change to the holdings currently in the Funds, but will serve to ensure shareholder requirements continue to be adhered to in the future and to reflect the latest list of ethical screening criteria.

Risk Profile

Please note that the changes described above will not entail a change to the risk profile of the Funds.

Appendix

The Appendix to this letter contains a table setting out the current Investment Policy for the Aegon Ethical Corporate Bond Fund and the current Ethical Screening criteria for all Funds, as well as the revised Investment Policy for the Aegon Ethical Corporate Bond Fund and the revised Ethical Screening criteria for all Funds that will apply from 16th February.

Costs of Implementing the Changes

There will be no cost associated with the change to the ethical screening criteria of the Funds.

The costs and expenses in connection with implementing the changes to the Investment Policy of the Aegon Ethical Corporate Bond Fund will be negligible, and self-funding. The move to non-Sterling will be undertaken gradually, as bonds currently held reach maturity or reach value levels that make sales attractive. These sales, combined with cash, would fund the new purchases of (predominantly) dollar and euro opportunities, meaning no additional costs to the Aegon Ethical Corporate Bond, only 'business as usual' transaction costs that are no different to the current daily operation of the Fund.

Timing of Changes

The changes described in this letter will take effect on 16th February 2024.

Contact Us

We are giving you 60 days' notice of the intended changes noted in this letter, to come into effect on the date above. However, if you have any questions about the contents of this letter, or wish to object to the changes, you can contact us via the messaging option on <https://retail.citi.ziloglobal.com/>.

We do not provide investment advice and we strongly recommend that you seek advice from a person who is authorised under the Financial Services and Markets Act 2000 to provide investment advice so that you understand how these changes affect you and your investment and your tax position.

If you do not understand this Document or you are in any doubt as to the action to be taken and you are uncertain as to how to respond, you should seek advice from a person authorised to give investment advice.

Yours faithfully

A handwritten signature in cursive script that reads "Carolyn M. Bell".**Carolyn Bell**

Head of Client Service, UK
Aegon Asset Management UK plc

Glossary

ACD

Authorized Corporate Director, which independently oversees the running of a company's investment funds, ensuring that they are managed in line with industry standards and regulations.

Bond

Essentially, a loan provided by an investor to a company or government, where the investor receives fixed interest payments and the initial amount is repaid at the end of an agreed period.

Derivatives

Investments that derive their value from underlying financial assets, such as bonds, currencies or shares. Fund managers often employ derivatives to manage specific risks within a fund, such as fluctuations in interest rates

Diversification

To invest across a range of asset classes, geographic regions or sectors to control risk and potentially minimise losses.

Hedging

A risk management strategy to help reduce the risk of loss of an existing position, for example in currencies or to factors such as interest rates.

Maturity

The agreed-upon date at which an investment ends, often triggering the repayment of a loan or bond, or some other payment or settlement term.

Risk profile

An evaluation of the threats or challenges to which a company is exposed.

Appendix

Changes to the investment policy of the Aegon Ethical Corporate Bond Fund

Current Investment Policy	New Investment Policy (old wording is shown scored-out and new wording in bold and underlined)
<p>The Fund operates an ethical screen which means that the Fund may not invest in particular industries and sectors. In all cases, the investments of the Fund will meet the Fund's predefined ethical criteria.</p> <p>The Fund will invest at least 80% in a portfolio of investment grade corporate bonds issued anywhere in the world.</p> <p>Investment grade corporate bonds are bonds issued by companies whose credit rating is deemed to be investment grade, defined as Baa3 or higher by Moody's Investor Services (Moody's) BBB- or higher by Standard & Poor's (S&P) or BBB- or higher by Fitch or their respective successors or equivalents.</p> <p>The Fund may also invest up to 10% in high yield corporate bonds issued anywhere in the world.</p> <p>High yield corporate bonds are considered by the investment manager to be bonds issued by companies whose credit rating is defined as Ba1 or below by Moody's or BB+ or below by Standard and Poor's or BB+ or below by Fitch or their respective successors or equivalents. High yield bonds also include non-rated instruments.</p> <p>Bond investments will be denominated in Sterling.</p> <p>The Fund is actively managed and the ACD adjusts the Fund's credit exposure and duration (interest rate risk) based on an analysis of the prevailing economic and market conditions.</p> <p>Subject to its custom-defined ethical criteria, the Fund will also seek to achieve diversification across individual issuers and sectors when constructing the portfolio.</p> <p>To the extent that the Fund is not fully invested as set out above, the Fund may also invest in other transferable securities, collective</p>	<p>The Fund operates an ethical screen which means that the Fund may not invest in particular industries and sectors. In all cases, the investments of the Fund will meet the Fund's predefined ethical criteria.</p> <p>The Fund will invest at least 80% in a portfolio of investment grade corporate bonds issued anywhere in the world.</p> <p>Investment grade corporate bonds are bonds issued by companies whose credit rating is deemed to be investment grade, defined as Baa3 or higher by Moody's Investor Services (Moody's) BBB- or higher by Standard & Poor's (S&P) or BBB- or higher by Fitch or their respective successors or equivalents.</p> <p>The Fund may also invest up to 10% in high yield corporate bonds issued anywhere in the world.</p> <p>High yield corporate bonds are considered by the investment manager to be bonds issued by companies whose credit rating is defined as Ba1 or below by Moody's or BB+ or below by Standard and Poor's or BB+ or below by Fitch or their respective successors or equivalents. High yield bonds also include non-rated instruments.</p> <p>Bond investments will <u>may</u> be denominated in non-Sterling, <u>up to a maximum of 20%</u>.</p> <p>The Fund is actively managed and the ACD adjusts the Fund's credit exposure and duration (interest rate risk) based on an analysis of the prevailing economic and market conditions.</p> <p>Subject to its custom-defined ethical criteria, the Fund will also seek to achieve diversification across individual issuers and sectors when constructing the portfolio.</p>

<p>investment schemes (up to 10% of Net Asset Value and which may include schemes managed by the ACD or its affiliates), money market instruments, deposits and cash and near cash. It is intended that investment in any other collective investment schemes will be predominately in approved money market instruments.</p>	<p>To the extent that the Fund is not fully invested as set out above, the Fund may also invest in other transferable securities, collective investment schemes (up to 10% of Net Asset Value and which may include schemes managed by the ACD or its affiliates), money market instruments, deposits and cash and near cash. It is intended that investment in any other collective investment schemes will be predominately in approved money market instruments.</p> <p><u>Non-Sterling exposure will be hedged back to Sterling to reduce currency risk.</u></p>
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Changes to the Ethical Screening Criteria of the funds

Current Ethical Screening Criteria

Alcohol	gain more than 10% of their total business through involvement in brewing, distillation or sale of alcoholic drinks.
Animal Welfare	provide animal testing services or which manufacture or sell animal-tested cosmetics or pharmaceuticals; have any involvement in intensive farming; operate abattoirs/slaughterhouse facilities; are producers or retailers of meat, poultry, fish, dairy products or slaughterhouse by-products.
Banks	are corporate and/or international banks with exposure to large corporate and/or thirdworld debt.
Gambling	have investments in betting shops, casinos or amusement arcades which account for more than 10% of their total business.
Tobacco	make 10% or more of their business turnover from the growing, processing or sale of tobacco products.
Military	manufacture armaments or nuclear weapons or associated strategic products.
Nuclear Power	provide critical services to or are owners or operators of nuclear power facilities.
Political Donations	have made political donations of greater than £25,000 in the last year.
Pornography	provide adult entertainment services.
Genetic Engineering	have patented genes.

Environment	<p>(a) are involved in activities which have a significant negative impact in the environment – specifically covering the areas of PVC, Ozone Depleting Chemicals, hazardous pesticides;</p> <p>(b) have been convicted of serious pollution offences or are in breach of internationally recognised conventions on biodiversity, climate change and hazardous chemicals;</p> <p>(c) are engaged in energy intensive industries which are not tackling the issue of climate change;</p> <p>(d) are engaged in coal mining and/or processing; or</p> <p>(e) are engaged in oil and gas exploration and/or production.</p>
Oppressive Regimes	are operating in countries with poor Human Rights records, without established management policies on these issues with due regard to the nature of the activities that a company is undertaking.

New Ethical Screening Criteria (old wording is shown scored-out and new wording in bold and underlined)

Alcohol	gain more than 10% of their total business through involvement in brewing, distillation or sale of alcoholic drinks.
Animal Welfare	provide animal testing services or which manufacture or sell animal-tested cosmetics or pharmaceuticals; have any involvement in intensive farming; operate abattoirs/slaughterhouse facilities; are producers or retailers of meat, poultry, fish, dairy products or slaughterhouse by-products.
Banks	are corporate and/or international banks with exposure to large corporate and/or thirdworld debt.
Gambling	have investments in betting shops, casinos or amusement arcades which account for more than 10% of their total business.
Tobacco	make 5% 10% or more of their business turnover from the growing, processing or sale of tobacco products.
Military	manufacture armaments or nuclear weapons or associated strategic products.
Nuclear Power	provide critical services to or are owners or operators of <u>own or operate</u> nuclear power facilities.
Political Donations	have made political donations greater than £25,000 in the last year <u>of more than 1% of revenues in the past 12 months.</u>
Pornography	provide adult entertainment services.
Genetic Engineering	have patented genes.

<p>Environment</p>	<p>(a) are involved in activities which have a significant negative impact in the environment are commonly held to be environmentally unsound – specifically covering the areas of PVC, Ozone Depleting Chemicals, hazardous pesticides;</p> <p>(f) have been convicted of serious pollution offences or are in breach of internationally recognised conventions on biodiversity, and companies in energy intensive industries which are not tackling the issue of climate change and hazardous chemicals;</p> <p>(g) are engaged in energy intensive industries which are not tackling the issue of climate change;</p> <p>(h) are engaged in coal mining and/or processing; or</p> <p>(i) are engaged in oil and gas exploration and/or production.</p>
<p>Oppressive Regimes</p>	<p>are operating in countries with poor Human Rights records, without established management policies on these issues with due regard to the nature of the activities that a company is undertaking.</p>