

6 December 2024

Changes to Aegon Asset Management UK ICVC (the “Company”) and Aegon UK Smaller Companies Fund, a Sub-fund of the Company.

Dear Shareholder

You have received this letter because you are a shareholder in the Company and its Sub-funds (the “Funds”).

We are writing to you to let you know about some changes to the way we 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 Company’s dilution policy and the Investment Policy wording of the Aegon UK Smaller Companies Fund.

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 Dilution Adjustment Policy of the Company

We are updating the process for the determination as to whether a dilution adjustment will be applied to the Net Asset Value of a Fund on a Dealing Day to apply a partial swing pricing policy.

A Fund’s price will only be adjusted if the volume of subscriptions or redemptions meets the set threshold, which is typically based on the percentage of the fund’s net assets. We will determine the threshold for each sub-fund through an oversight group and in consultation with representative Fund Managers. The threshold will be re-evaluated at least once a year or more frequently if applicable.

The mechanism for calculating the dilution is not changing, but the change provides an improved and more efficient dilution process by helping reduce the fluctuations in share price movements.

Change to the definition of ‘smaller companies’ in the Aegon UK Smaller Companies Fund

The investment policy of the Aegon UK Smaller Companies Fund is being amended in accordance with a recent change in the Investment Association’s definition of the smaller companies sector. The Fund already complies with this new definition, and as such there will be no change in the portfolio of the Fund. The change amends the definition of smaller companies to those which are in the bottom 15%, rather than 10%, by market capitalisation.

Risk Profile

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

Costs of Implementing the Changes

There will be no cost associated with the changes to the Funds.

Timing of Changes

The changes described in this letter will take effect on or around 29th November 2024.

Contact Us

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



Kirstie MacGillivray

CEO
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 dilution adjustment policy of the Company

Current Dilution Adjustment Policy	New Dilution Adjustment Policy (new wording in bold and underlined)
<p>The Company may suffer dilution (reduction in the value of the Scheme Property as a result of the costs incurred in dealing in its underlying investments and of any spread between the buying and the selling prices of such investments which is not reflected in the issue or redemption price paid by or to the Shareholder). With a view to countering this (which, if it is significant, disadvantages existing or continuing Shareholders), the ACD reserves the right to make a "Dilution Adjustment" to the price of a Share in the following circumstances:-</p> <ul style="list-style-type: none"> • for all sales transacted during the period between two consecutive valuation points for the purposes of calculating the price of Shares in the Sub-fund where the net sales of Shares placed during that period would result in trading activity in the Sub-fund that would be expected to have a significant impact on the Sub-fund's Net Asset Value in respect of the market conditions at that time; • for all redemptions transacted during the period between two consecutive valuation points for the purposes of calculating the price of Shares in the Sub-fund where the net redemptions of Shares placed during that period that would be expected to have a significant impact on the Sub-fund's Net Asset Value in respect of the market conditions at that time; • in any other case where the ACD believes that the imposition of a dilution adjustment is required to safeguard the interests of continuing holders (for example, where the Sub-fund is continually suffering net redemptions). <p>Where a dilution adjustment is applied the value of the dilution adjustment will be paid forthwith by the ACD to the Depositary and will become part of the property attributed to the relevant Sub-fund</p>	<p>The Company may suffer dilution (reduction in the value of the Scheme Property as a result of the costs incurred in dealing in its underlying investments and of any spread between the buying and the selling prices of such investments which is not reflected in the issue or redemption price paid by or to the Shareholder). With a view to countering this (which, if it is significant, disadvantages existing or continuing Shareholders), the ACD reserves the right to make a "Dilution Adjustment" to the price of a Share in the following circumstances:-</p> <ul style="list-style-type: none"> • for all sales transacted during the period between two consecutive valuation points for the purposes of calculating the price of Shares in the Sub-fund where the net sales of Shares placed during that period would result in trading activity in the Sub-fund that would be expected to have a significant impact on the Sub-fund's Net Asset Value in respect of the market conditions at that time; • for all redemptions transacted during the period between two consecutive valuation points for the purposes of calculating the price of Shares in the Sub-fund where the net redemptions of Shares placed during that period that would be expected to have a significant impact on the Sub-fund's Net Asset Value in respect of the market conditions at that time; • in any other case where the ACD believes that the imposition of a dilution adjustment is required to safeguard the interests of continuing holders (for example, where the Sub-fund is continually suffering net redemptions). <p><u>The ACD will only apply a dilution adjustment noted above if the volume of subscriptions or redemptions meets a set threshold for each individual Sub-fund. The ACD shall determine this threshold through an oversight group, and the thresholds shall be subject to review on at least an annual basis</u></p>

	Where a dilution adjustment is applied the value of the dilution adjustment will be paid forthwith by the ACD to the Depositary and will become part of the property attributed to the relevant Sub-fund
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Changes to the investment policy of the Aegon UK Smaller Companies Fund

Current Investment Policy	New Investment Policy (old wording is shown scored-out and new wording in bold and underlined)
<p>At least 80% of the Fund will be invested in equities of smaller UK companies. UK companies are those which are listed, quoted or traded in UK markets or which have their headquarters or a significant part of their activities in the UK but which may also be quoted on a regulated market outside of the UK. Smaller companies are those which are in the bottom 10% by market capitalisation.</p>	<p>At least 80% of the Fund will be invested in equities of smaller UK companies. UK companies are those which are listed, quoted or traded in UK markets or which have their headquarters or a significant part of their activities in the UK but which may also be quoted on a regulated market outside of the UK. Smaller companies are those which are in the bottom 10% <u>15%</u> by market capitalisation.</p>

Shareclass ISIN Codes

Fund Name	ISIN Code	Share Class Name
Aegon Sustainable Diversified Growth Fund	GB00B625LX43	B Acc
Aegon Diversified Monthly Income Fund	GB00BJFLQY60	B Acc
Aegon Diversified Monthly Income Fund	GB00BJFLR106	B Inc
Aegon Ethical Cautious Managed Fund	GB00B7TCPG66	B Inc
Aegon Ethical Cautious Managed Fund	GB00B7V2CD05	B Acc
Aegon Ethical Corporate Bond Fund	GB00B018K352	B Acc
Aegon Ethical Corporate Bond Fund	GB00B0C4RP31	B Inc
Aegon Ethical Equity Fund	GB0007450884	B Acc
Aegon Ethical Equity Fund	GB00B8FZHY88	B Inc
Aegon Ethical Equity Fund	GB00BS857M33	S Acc
Aegon Sustainable Equity Fund	GB0007274516	B Acc
Aegon Sustainable Equity Fund	GB00BF2VD060	S Acc
Aegon High Yield Bond Fund	GB0031425563	B Acc
Aegon High Yield Bond Fund	GB00B1N9DY51	B Inc
Aegon High Yield Bond Fund	GB00BF0W2K48	S Acc
Aegon High Yield Bond Fund	GB00BF0W2L54	S Inc
Aegon Investment Grade Bond Fund	GB00B141C763	B Acc
Aegon Investment Grade Bond Fund	GB00B142F707	B Inc
Aegon Investment Grade Bond Fund	GB00BF0W2M61	S Acc
Aegon Investment Grade Bond Fund	GB00BF0W2N78	S Inc
Aegon Sterling Corporate Bond Fund	GB0007451635	B Acc
Aegon Sterling Corporate Bond Fund	GB0031599870	B Inc
Aegon Sterling Corporate Bond Fund	GB00BF0W2P92	S Acc
Aegon Sterling Corporate Bond Fund	GB00BF0W2Q00	S Inc
Aegon Strategic Bond Fund	GB00B00MY367	B Inc
Aegon Strategic Bond Fund	GB00B3ZLQW29	B Acc
Aegon Strategic Bond Fund	GB00BFY6P813	S Acc
Aegon Strategic Bond Fund	GB00BFY6P920	S Inc
Aegon UK Equity Absolute Return Fund	GB00B4XS8040	B Acc
Aegon UK Equity Fund	GB0007451411	B Acc
Aegon UK Equity Fund	GB0030522683	B Inc
Aegon UK Sustainable Opportunities Fund	GB00B1N9DS91	B Acc
Aegon UK Smaller Companies Fund	GB00B142FS18	B Acc