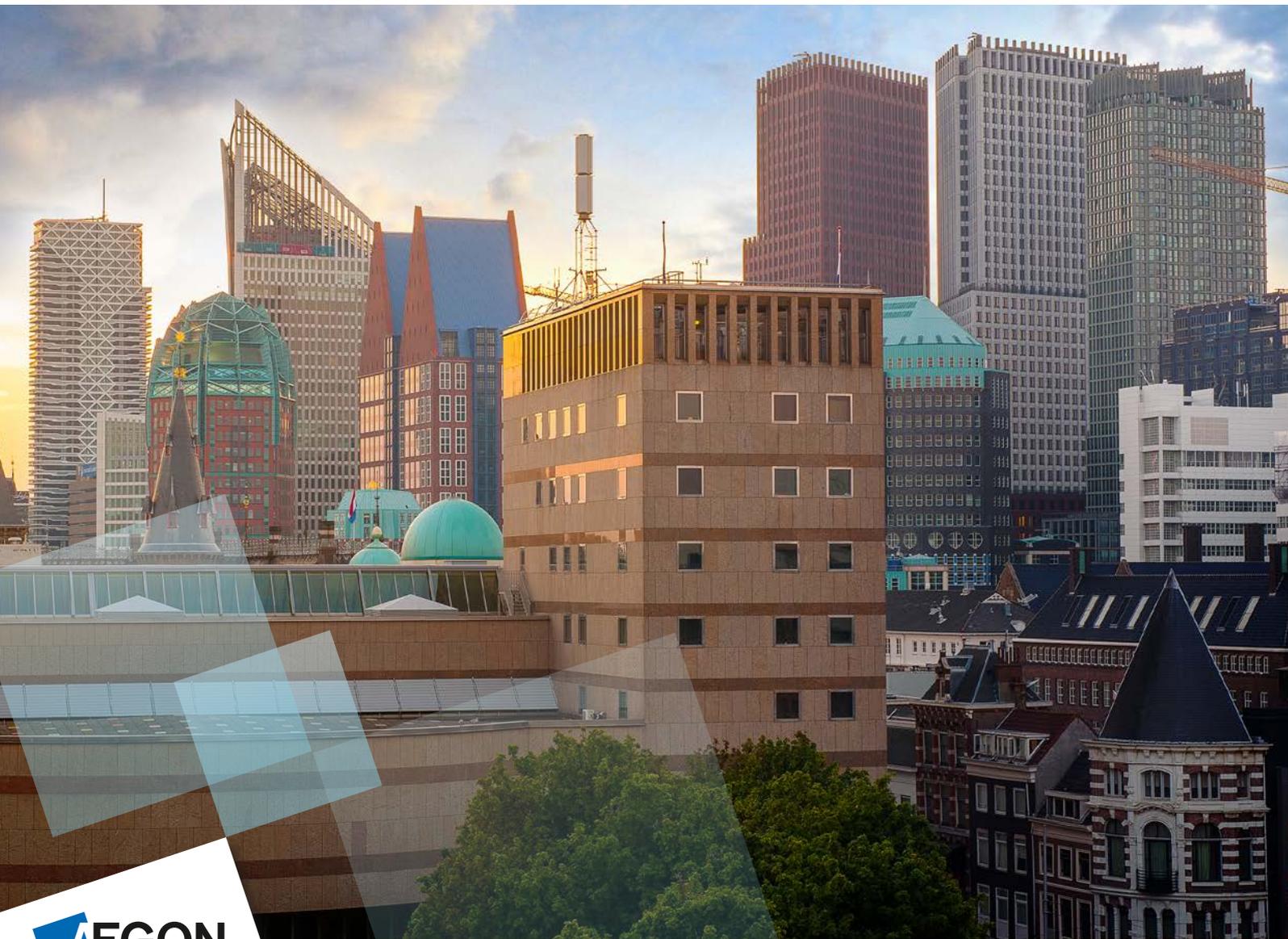


Investing in European Asset Backed Securities

For institutional and professional investors only



Investing in European asset backed securities

Aegon Asset Management is a leading provider of European asset backed securities. These are securities backed by specific collateral. Investing in asset backed securities offers institutional investors the opportunity to enhance the yield and risk diversification in their fixed income portfolio. Our European asset backed securities strategy is available to institutional and wholesale investors through a UCITS fund or a segregated account. All figures in this brochure are as at the end of September 2018 unless stated otherwise.

Why invest in European asset backed securities?

- European asset backed securities (ABS) offer a higher risk-adjusted yield than most other fixed income asset classes.**
 Our high investment grade rated ABS strategy currently yields 125 basis points above Euribor. The table below shows that European ABS compare favourably against most other fixed income asset classes on a risk-adjusted basis. Practically all ABS bonds have a floating rate coupon, offering protection against rising interest rates, thereby providing a positive total return in a rising rate environment.
- ABS offer significant risk diversification benefits in a portfolio context.**
 ABS offer exposure to direct consumer risk which is complementary to sovereign and corporate exposure, both of which tend to be well-represented in most investors' portfolios already. ABS have a low, or even negative, correlation with traditional asset classes.

Contrary to their reputation, default rates on European ABS during the financial crisis were significantly lower compared to similarly rated corporate bonds. Aggressive subprime mortgage lending practices and synthetic securitizations that led to large losses in the US were far less common in Europe.

Yields per asset class							
Asset class	Typical rating	Yield (Loc Cur) ¹	Expected Losses ²	Net yield (Loc Cur)	Net yield (EUR) ³	Typical duration	Stressed return ⁴
Government Bonds							
German government bonds (7Y)	AAA	0.12%	0.00%	0.12%	0.12%	7 yr	11.00%
US Treasury (7Y)	AAA	3.02%	0.00%	3.02%	0.32%	7 yr	21.00%
Corporate Credits							
EUR investment grade credits	A/BBB	1.08%	0.10%	0.98%	0.98%	5 yr	-7.00%
EUR High Yield	BB	4.08%	2.33%	1.75%	1.75%	4 yr	-39.00%
Asset Backed Securities							
European ABS	AAA	0.90%	0.00%	0.90%	0.90%	0.5 yr	-7.00%
European ABS	BBB	3.00%	0.02%	2.98%	2.98%	0.5 yr	-30.00%
European ABS	BBB to AAA	1.60%	0.01%	1.59%	1.59%	0.5 yr	-14.00%

Yields and losses per annum, in local currencies.

1 Source: Aegon Asset Management, Barclays, Bloomberg (As of 15 October 2018).

2 Based on Moody's loss studies.

3 Hedging to EUR with matching FX swap.

4 Total returns during 2008-2009 financial crisis.

The European asset backed securities market

The size of the European asset backed securities market is approximately €1,100 billion (Q1 2018), comparable to the size of the European investment grade corporate credit market. A broad range of potential allocations across countries and underlying exposure enables active managers to generate excess return for investors. The largest sectors per underlying asset type are residential mortgages, consumer loans (credit card loans and auto loans), commercial mortgages and loans to corporations.

A breakdown per sector is shown in the table below.

European ABS Investment Universe					
	Mortgages	Consumer Loans	Commercial Mortgages	Corporate Loans	SME Corporate Loans
Belgium	4%				2%
France	7%	2%			
Germany	1%	3%			1%
Ireland	2%				
Italy	5%	5%	1%		1%
Netherlands	15%				
Portugal	2%				
Spain	11%	2%			2%
UK	12%	4%	4%		1%
Pan-European				10%	
Other		1%		1%	1%
Total	59%	17%	5%	11%	8%

Source: JP Morgan (Q1 2018)

Characteristics of the European ABS market

- Transparency.**
 European ABS investors have access to real-time, loan-level data and much more detailed financial information than for example corporate or government bond investors.
- Skin in the game.**
 Issuers are required to hold at least 5% of the credit risk of the underlying asset pool throughout the lifetime of the deal. Prior to the crisis, the then prevalent originate-to-distribute business model created a significant conflict of interest. In this model, lenders originated low quality assets they never meant to hold on their own balance sheets. This model no longer exists in the securitisation market, due to the risk retention rule.
- Supportive ECB.**
 The ABS market is deemed essential for economic growth by the European Central Bank (ECB), that decided to include ABS in its asset purchase program since November 2014. The ECB's trust in and commitment to the structured credit market has comforted many investors who were reluctant to re-enter the market.
- Conservative market practices.**
 Securitisations in Europe have always been much less aggressive than in the US, while credit losses on investment grade tranches never exceeded a few basis points. Subprime lending, synthetic securitizations and re-securitization, which were related to most defaults that occurred in the US, were rare in Europe.

Aegon Asset Management's European ABS expertise

- ABS is a core capability of Aegon Asset Management. We started investing in European ABS in 2001 and have had dedicated European ABS vehicles since 2004. Globally we manage approximately €15 billion in ABS, approximately €5.1 billion of which is invested in Europe. Our ABS strategy is an actively managed investment grade strategy with broad sector allocation.
- We are proud to have successfully managed ABS strategies through the financial crisis, and we outperformed our benchmark both in bull and bear markets. Our strategy outperformed the benchmark in each year of the crisis.
- Investing in ABS requires strong analytical power. Our dedicated ABS team consists of 18 professionals worldwide. The nine-strong European team is one of the largest on the continent, with members having an average nine years' experience in the industry.
- Our size and expertise allow us to benefit from opportunities in a broad range of sectors, including non-vanilla sectors such as CLOs or CMBS. Thanks to our broad market reach and extensive relationships with issuers and brokers we are able to source the best bonds, even in the less common sectors and populate portfolios in a short period of time.
- Apart from the ABS strategy we also manage segregated accounts with different risk and return profiles ranging from high quality AAA to portfolios that focus on CLOs.
- Our broad in-house fixed income expertise provides the ABS portfolio managers access to large analyst teams (42 analysts in total) covering the whole range of fixed income investments.
- We are not reliant on external model providers to analyse ABS transactions as we have developed an extensive set of proprietary models and portfolio management tools to monitor, analyse and stress test bonds in all ABS sectors. These models and tools have been time-tested and contribute strongly to our investment process and excess return generation.

Characteristics of the Aegon Asset Management strategy

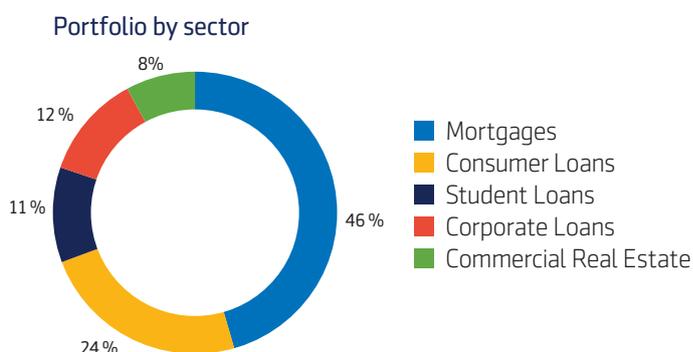
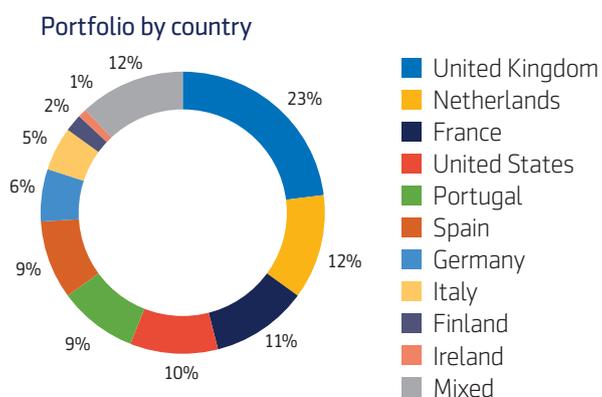
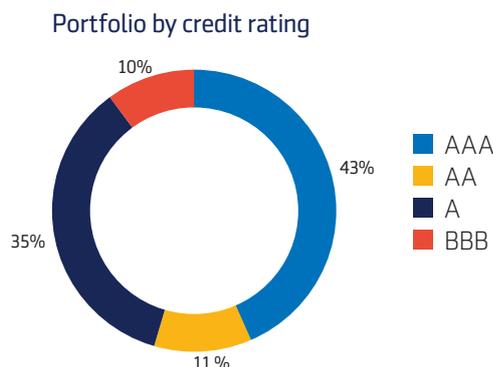
- Actively managed strategy with a well-diversified allocation across ABS sectors and countries.
- Since inception no default has taken place in any of the portfolios managed by our team.
- We offer daily liquidity for subscriptions and redemptions.
- All holdings are investment grade with the ratings approximately evenly split from AAA to BBB.
- All our holdings are floating rate, providing a good hedge against rising interest rates.
- The interest rate duration of the strategy is approximately 0.5 years.
- The average maturity is 4.3 years.

Strategy details

Inception	2004
Assets under management	€5.1 billion
Available vehicles	Pooled and segregated accounts
Liquidity	Daily
Benchmark	Composite benchmark, consisting of a market-weighted combination of approximately 95% Barclays Capital Euro ABS Floating Rate Composite Index and 5% Barclays Capital Euro ABS Fixed Rate Composite Index. Customised benchmarks possible.

Representative portfolio summary

Portfolio statistics	
Spread over Euribor	125 bps
Interest rate duration	0.5 year
Spread duration	4.3 year
Average rating	AA
Number of bonds	>175
Number of sectors	>15



Performance

The performance of a representative European ABS portfolio against a composite Barclays benchmark is summarised in the table below. For the ABS portfolios the outperformance was 2.77% per annum during the past five years and the outperformance was 2.83% per annum since inception (July 2011). The yield is currently 125 basis points above Euribor.

Annualized returns					
		1 Year	3 Years	5 Years	July 2011
European ABS Composite*		1.68%	3.11%	5.00%	5.76%
Barclays ABS Benchmark**		0.43%	1.34%	2.23%	2.93%
Relative performance		1.24%	1.77%	2.77%	2.83%
Tracking error (ex-post)			1.34%	1.60%	1.67%
Information ratio			1.33	1.73	1.70

Calendar year returns					
	2018 YTD	2017	2016	2015	2014
European ABS Composite*	1.01%	4.11%	4.24%	0.64%	12.33%
Barclays ABS Benchmark**	0.18%	1.44%	2.04%	-0.09%	5.67%
Relative performance	0.83%	2.67%	2.20%	0.73%	6.66%

Source: Aegon Asset Management. All figures presented gross of fees and in €. All data as at end of September 2018. Returns for periods longer than 12 months have been annualized. Past performance is not indicative of future results.

* Figures for European Asset Backed Securities composite; creation date: July 1, 2011. The vehicle underlying this composite is purposely built for institutional parties not insured by Aegon.

** Market value-weighted combination of the Barclays Capital Euro ABS Floating Rate Composite Index and the Barclays Capital Euro ABS Fixed Rate Composite Index.

Please refer to the back page for important information.

European Asset Backed Securities Composite disclosure

Aegon Investment Management B.V. defines the firm as all the investment funds that Aegon Investment Management B.V. offers (investment funds). This firm includes all "unit linked" (insurance related) funds and funds in which direct investment is possible. These funds are offered to retail and institutional investors and insurance relations. All investment funds have a legal and fiscal status. The funds that do not have a legal or fiscal status do not belong to the firm.

The composite is constructed from discretionary funds that invest, direct or indirect, primarily in asset backed securities denominated in euro's, or hedged to euro's, across a variety of issuers, types of collateral, sectors and countries. The funds invests, direct or indirect, primarily in Residential Mortgage Backed Securities (RMBS), Commercial Mortgage Backed Securities (CMBS), Consumer Loans, Car Loans, Credit Card loans, Whole Business (repackaging of corporations/corporate assets) and other asset backed securities. The investment policy is focussed on adding value by an active selection policy of issuers, sectors and countries. The benchmark of this composite has been the Barclays Capital Euro ABS Floating Rate Note Composite Index + Barclays Capital Euro ABS Fixed Income Composite Index since inception. The funds in this composite may also invest in derivatives to hedge interest rate risks. The funds in this composite make use of leverage. The composite had been previously named Obligaties Asset Backed II until December 2014.

Aegon Investment Management B.V. claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Aegon Investment Management B.V. has been independently verified for the periods from 2001. The verification reports are available upon request. Verification assess whether (1) the firm has complied with all composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure accuracy of any specific composite presentation.

Performance returns have been calculated gross of management fees. Gross-of-fees performance returns are presented before management and custodial fees, but after trading expenses. Net-of-fees performance returns are calculated by deducting the fee from the annual gross composite return. The annual fee utilized to calculate monthly net-of-fee performance for this composite is 0.31%, which represents the highest fee in the investment management fee schedule. The annual investment management fee schedule for this composite is 0.22-0.31% based on assets under management. Actual investment advisory fees incurred by clients may vary depending on, among other things, client type, the applicable fee schedule and portfolio size. No other fees are deducted in addition to direct trading expenses.

Returns are presented net of non-reclaimable withholding taxes.

Three-year annualized ex-post risk measures are not presented when there are fewer than 36 monthly observations available.

The internal dispersion of the annual composite return is calculated by using the standard deviation of the portfolio gross returns relative to the asset-weighted composite return. Portfolios are only included in the dispersions where the portfolio is presented in the composite for a whole year. The dispersion is not presented when there are five or fewer portfolios in the composite.

The European Asset Backed Securities Composite's inception date was July 1, 2011. The creation date for this composite was July 1, 2011.

Additional information regarding policies for valuing funds, a complete list of composites with descriptions, and information regarding policies for calculating and reporting returns are available upon request.

Investment team

The European Asset Backed Securities strategy is managed by Aegon Asset Management's European ABS & Mortgages team. The team consists of nine portfolio managers who are responsible for the asset backed securities strategies and the Dutch mortgage funds. Frank Meijer, the Lead Portfolio Manager, and eight other Portfolio Managers are responsible for the performance of the strategy.



Frank Meijer, PhD (pictured) joined Aegon Asset Management in 2005. Frank is head of the European ABS & Mortgages team. He is also a member of the Asset Liability Committee of Aegon Bank and a permanent guest lecturer at the Amsterdam VU University. Prior to his current role, he was also responsible for the Quant Group and has set up the Structured Credit Desk. Before joining Aegon Asset Management, Frank worked at ABN AMRO in the Credit Risk Modelling & Product department. Frank holds an MSc in Physics, cum laude, from University of Groningen and a PhD in Physics from Delft University of Technology.

Maarten Jan Hoefnagel, CFA joined Aegon Asset Management in 2008. Since then, Maarten Jan has been a portfolio manager in the European ABS & Mortgages team. Prior to his role at Aegon Asset Management, Maarten Jan worked as a European ABS analyst at NIBC for two years. Maarten Jan holds an MSc in Physics from Delft University of Technology and is a CFA charterholder.

Bálint Vágvölgyi, PhD, CFA joined Aegon Asset Management in 2012. Since then, Bálint has been a portfolio manager in the European ABS & Mortgages team. Prior to his role at Aegon Asset Management, he worked for NIBC Bank as an ABS risk manager and subsequently as a trader. Bálint holds an MSc in Mathematics, cum laude, an MSc in Quantitative Finance from Amsterdam VU University, and a PhD in Mathematics from Amsterdam VU University. Bálint is a CFA charterholder.

Egbert Bronsema joined Aegon Asset Management in 2016. Since then, Egbert has been a portfolio manager in the European ABS & Mortgages team. Prior to joining Aegon Asset Management, he worked as portfolio manager at IMC Asset Management, handling a variety of European structured products. Before that, Egbert served as analyst structured finance, first at Fxator Securities in Amsterdam and later at IMC Asset Management in New York. Egbert holds an MSc in Business Economics and Quantitative Economics from Maastricht University.

Stijn Stortelder, CFA joined Aegon Asset Management in 2010. Stijn has been a portfolio manager in the European ABS & Mortgages team since 2012. Prior to his role in the team, he worked in the Portfolio Risk Management & Control department of Aegon Asset Management for two years. Stijn holds an MSc in Finance from Amsterdam VU University and is a CFA charterholder.

Ewout van der Meer, CFA joined Aegon Asset Management in 2014 as portfolio manager in the European ABS & Mortgages team. Prior to joining Aegon Asset Management, Ewout served in the Structuring Team of NIBC for five years. In that role, he worked on securitizations and covered bond programs backed by mortgage receivables. Ewout holds an MSc in Financial Economics, cum laude, from Erasmus University and is a CFA charterholder.

Jan-Willem Wellen, CFA has been a portfolio manager in the European ABS & Mortgages team since 2017. Prior to joining Aegon Asset Management, he worked in the treasury team at NIBC Bank, where he worked on the issuance of unsecured debt transactions, securitizations and covered bonds. Jan-Willem holds an MSc in Financial Economics from Erasmus University Rotterdam and is a CFA charter holder.

Rens Ramaekers has been a portfolio manager in the European ABS & Mortgages team since 2015. He started at Aegon Asset Management in 2014 with a traineeship in the same team. Rens holds an MSc in Quantitative Finance and Actuarial Science from Tilburg University.

Jim Marinus has been a portfolio manager in the European ABS & Mortgages team since 2017. He joined the team after completing his internship at Aegon Group. Jim holds an MSc in Quantitative Risk Management from Amsterdam VU University.

About Aegon Asset Management

Aegon Asset Management is a global, active investment manager. Aegon Asset Management uses its investment management expertise to help its clients take responsibility for their financial futures, with a Focus on excellence, trust and partnership. Institutional and private investors entrust Aegon Asset Management to manage over €300 billion worldwide.

Positioned for success in its chosen markets (the UK, Continental Europe, North America and Asia), Aegon Asset Management's specialist teams provide high-quality investment solutions across asset classes. Its clients benefit from the extensive international research capabilities and in-depth local knowledge of Aegon Asset Management, as well as Kames Capital, its UK investment team, and TKP Investments, its fiduciary management investment team in the Netherlands.

Aegon Asset Management is part of Aegon, one of the world's leading financial services organizations, providing insurance, pension and asset management services.

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Past performance is not a guide to future performance. Outcomes, including the payment of income, are not guaranteed.

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Aegon Asset management Europe ICAV is an umbrella type open-ended investment company with variable capital, registered in the Republic of Ireland (Company No. C153036) at 25-28 North Wall Quay, International Financial Services Centre, Dublin 1. Board of Directors: M. Kirby, A. Bell and B. Wright. Aegon Asset management Europe ICAV is regulated by the Central Bank of Ireland.

AIM is the investment manager and promoter for the ICAV. AIM is authorised and regulated by the Netherlands Authority for the Financial Markets. Kames Capital plc is an appointed sub-promoter for the ICAV. Kames Capital plc is authorised and regulated by the Financial Conduct Authority.

The Prospectus, Supplement and Key Investor Information for the ICAV are available free of charge: www.aegonassetmanagement.nl/en/fund-overview/ucits

For investors in Spain: The ICAV is a UCITS collective investment scheme registered in Spain by the Comisión Nacional del Mercado de Valores (Spanish Securities Market Commission). The Prospectus, Supplement and Key Investor Information for the ICAV are available free of charge from Allfunds Bank, registered office: Estefata 6. La Moraleja, Alcobendas 28109, Spain, contact: Carlos de Lojendio Marquez, phone + 34 91 274 6400, email: c.lojendio@allfundsbank.com.

For investors in Belgium: The ICAV is a UCITS collective investment scheme registered in Belgium by the Autoriteit voor Financiële Diensten en Markten/Autorité des Services et Marchés Financiers (Financial Services and Markets Authority). The Prospectus, Supplement and Key Investor Information of the ICAV are available free of charge from RBC Investor Services Belgium, 11 Place Rogier (RT 10/43), 1210 Brussels, email: RBCIS_BE_FundCorporateServices@rbc.com; Tel: + 32 2 222 52 42.

For investors in Luxembourg: The ICAV is a UCITS collective investment scheme registered in Luxembourg by the Commission de Surveillance du Secteur Financier. The Prospectus, Supplement and Key Investor Information for the ICAV are available from CACEIS BANK LUXEMBOURG, 5, allée Scheffer, L-2520 Luxembourg, Attention: Fund Structuring Department, Tel. + 352 47 679.

For investors in Germany: The ICAV is a UCITS collective investment scheme registered in Germany by the Commission de Surveillance du Secteur Financier. The Prospectus, Supplement and Key Investor Information for the ICAV are available from Marcard, Stein & Co AG, Ballindamm 36, 20095 Hamburg, Germany. Aegon Asset management Europe ICAV is a UCITS collective investment scheme registered in Germany by the Federal Financial Supervisory Authority. The Prospectus, Supplement and Key Investor Information for Aegon Asset management Europe ICAV are available from Marcard, Stein & Co AG, Ballindamm 36, 20095 Hamburg, Germany.

For investors in Switzerland: The articles, Prospectus, Key Investor Information and reports are available from the Representative (First Independent Fund Services, Klausstrasse 33, CH-8008 Zurich, +41442061640) and Paying Agent (Neue Helvetische Bank AG, Seefeldstrasse 215, CH-8008 Zurich).

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