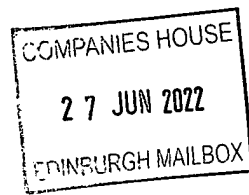


COMPANY NUMBER SC212159

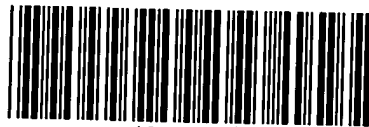


AEGON ASSET MANAGEMENT LIMITED

STRATEGIC REPORT, DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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AEGON ASSET MANAGEMENT LIMITED

COMPANY INFORMATION

Chairman	Stephen J M Jones, BA
Directors	Stephen J M Jones, BA Gordon M Syme LLB
Secretary	Gordon M Syme LLB
Company Number	SC212159
Registered Office	Aegon Asset Management 3 Lochside Crescent Edinburgh Park Edinburgh EH12 9SA
Independent Auditors	Pricewaterhouse Coopers LLP 141 Bothwell St Glasgow G2 7EQ

AEGON ASSET MANAGEMENT LIMITED

CONTENTS

	Page
STRATEGIC REPORT	3
DIRECTORS' REPORT	9
STATEMENT OF DIRECTORS' RESPONSIBILITIES	11
INDEPENDENT AUDITORS' REPORT	12
STATEMENT OF COMPREHENSIVE INCOME	15
STATEMENT OF FINANCIAL POSITION	16
STATEMENT OF CHANGES IN EQUITY	17
CASH FLOW STATEMENT	18
NOTES TO THE FINANCIAL STATEMENTS	19

AEGON ASSET MANAGEMENT LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

Business model and strategy

Aegon Asset Management Ltd's aim is to use our investment management expertise to help people live their best lives by tuning in, stepping up and being a force for good. The Aegon Asset Management group in the UK consists of Aegon Asset Management UK Holdings Limited, Aegon Asset Management UK Plc and Aegon Asset Management Limited.

Aegon Asset Management Ltd remains dedicated to active management. We have capabilities in fixed income, equities, property, multi-asset and cash investing and invest to meet a range of client objectives, including growth, income, total return and absolute return. We are also a leader in sustainable investing.

Aegon Asset Management Ltd is part of Aegon Asset Management, an international group of investment management businesses owned by Aegon N.V., one of the world's leading providers of financial services. As part of Aegon Asset Management we can offer our clients access to the best products and services from Aegon Asset Management and our sister companies across the group. We manage investments on behalf of UK and international clients, including pension funds, financial advisers, financial institutions, charities, wealth managers, family offices and individuals.

Market environment

Global equity markets performed strongly in 2021 with the MSCI AC World index up 20.14% in sterling terms. Returns were strong across regions; the top performer was the US (the S&P 500 index rose by 29.89%) while in the UK the FTSE All-Share index increased by 18.32%. The positive backdrop was due mainly to central bank and government largesse, and Covid-19 vaccination roll-outs. In this environment, the high yield bond sector also performed well. Government bonds, however, came under pressure with yields rising; the iBoxx £ gilts index, for example, fell -5.21%. Investment grade corporate bonds were also subdued. This was driven mainly by investors beginning to discount a sharp, vaccine-induced, rebound in corporate profits thanks to economies increasingly opening up. The improvement in risk sentiment also triggered an acceleration in inflation expectations and, therefore, of anticipated interest rate increases.

Regulatory environment

2021 saw continuing divergence between the UK and EU regulatory environments. While EU equivalence on privacy was welcome, no discernible progress was made towards financial services equivalence. We continue to service EU funds and segregated clients through existing portfolio management delegations. We tracked the FCA's consultation on UK competitiveness and expect that this may lead to further divergence.

Sustainability was a key regulatory theme in 2021, with competing UK and EU regimes and evolving client and regulatory expectations. Our suite of ESG products means this has been an area of significant focus for us in 2021 as we prepare for changes coming into force in 2022 and beyond.

We also finalised preparations for the introduction of the new Prudential Rules for Investment Firms, fully implemented the Senior Managers and Certification Regime and began adapting to the EU and UK MiFID II 'quick fix' changes.

We are closely tracking the FCA's review of the Appointed Representative market and await next steps following publication of Consultation Paper 21/34.

AEGON ASSET MANAGEMENT LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

Review of the Company's business

The Company delivered a loss for the year of (£2,808k) (2020: loss of £163k). The Company paid an interim dividend of £2,500k during the year (2020: £nil). The Board of Directors consider the results to be disappointing, but acceptable given ongoing circumstances. The Directors do not recommend payment of a final dividend (2020: £nil).

Net assets at the end of the year were £1,276k (2020: £4,084k). This was in line with Directors' expectations.

The Directors served throughout the year and up until the date of signing the financial statements.

Development and Performance of the Company's business during the financial year

The following review covers the results of Aegon Asset Management Limited.

The Board of the Company monitors key management information on a six monthly basis to track business performance. This information includes investment performance, assets under management, revenues, expenses, headcount and available capital vs requirement. Assets under management (AUM) increased by 9.4% to £0.3bn (2020: 50.7% decrease to £0.3bn) new investment into funds managed by the Company. Operating loss has decreased by 78.0% (2020: 165.7% reduction) due to a reduction in management charges retained by the Company and an increase in expenses. Expenses have increased by 14.3% (2020: decreased by 4.0%). The total average number of Aegon Asset Management Limited employees during the year remained stable (2020: remained stable) at 1.8 FTEs.

Aegon Asset Management Limited remains dedicated to its activities of acting as Appointed Representative of the Scottish Equitable Pooled Funds and Möbius Life Pooled Funds for the foreseeable future.

Future Development

As part of the global Aegon Asset Management group the Company is adopting a "Return to Growth" strategy along with the other members of the group. The six key areas of focus of this strategy are :-

1. Partnering with our affiliates to drive growth in assets under management
2. Increasing third party assets under management
3. Introducing new products
4. Making efficiency improvements
5. Developing a global integrated operating platform
6. Building out our strategic partnerships

Over the short to medium term the priority of the Company is to return to profitable trading through a combination of increasing revenue whilst exercising cost control to bring operating margins in line with peers. One key aspect of this is the RAFT project which aims to standardise and radically simplify the Company's operating model delivering efficiency gains and a significant reduction in the number of outsourced partners and suppliers with which the Company interacts. The RAFT project aims to overhaul the current complex operating model which features around 330 IT systems and processes. The ambition of RAFT is to nearly halve this number to around 170 by simplifying and standardising the approach taken whilst delivering service in line with current market practices to allow a more competitive and complete service to our clients whilst also reducing operational costs.

AEGON ASSET MANAGEMENT LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

The company is not materially impacted by the war in Ukraine.

Description of the principal risks and uncertainties facing the Company

The Company operates a formal risk management framework to assess risk and mitigating controls. In addition the Company reviews risk as part of its Internal Capital Adequacy Assessment Process (ICAAP). The Directors consider that the Company is subject largely to market risk, reputational risk, product risk, regulatory risk and operational risk. We operate a policy which is designed to ensure that after taking account of mitigating actions the Company maintains a level of capital that is appropriate for the risks it faces.

- Credit and Counterparty Risk considers the risk that the failure of a counterparty to meet its obligations leads to a financial loss to the Company, both through the loss of any monies owed to the Company by the counterparty and the cost of re-instating economic exposure in the case of counterparty default.
- Market Risk considers the risk that adverse movements in market values, such as foreign exchange rates, interest rates and equity prices will affect the firm's income or the value of its assets and liabilities.
- Business Risk considers the risk of losses due to failed or inadequate strategy execution, marketing and sales practices, distribution channels, pricing, investment return, handling of customer complaints or late reaction to changes in the business environment.
- Concentration Risk considers the risk that results from a lack of diversification. The risk can arise from an uneven distribution of counterparties in credit or any other business relationships or from a concentration in business sectors or geographical regions.
- Group Risk considers the risk that the Company is adversely affected by its relationships, place in the structure or the obligations (financial and non-financial) placed upon it by Aegon Asset Management and/or the wider Aegon Group.
- Liquidity Risk considers the risk that the Company does not have sufficient liquid financial resources to meet its obligations as they fall due.
- Operational Risk considers the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events.

The Company is not exposed to significant financial instrument risk. Credit risk is significantly reduced as assets are primarily cash and short-term deposits, which are placed with major banks of acceptable credit standing (A-rated or higher), and inter-company receivables from Aegon companies.

From 1st January 2022, the FCA's new Investment Firm Prudential Regime (IFPR) came into force for UK MIFID investment firms. The new regime shifts the industry's requirements from assessing risks to managing potential harms that can be faced by the firm, consumers and the markets. Firms subject to the new rules will be required to produce an Internal Capital and Risk Assessment (ICARA) instead of the Internal Capital Adequacy Assessment Process (ICAAP) that was previously required. The IFPR also introduces K-factor requirements which examine key risk areas. For Aegon Asset Management UK the main K-factors are expected to be- Risk to Client, Risk to Market and the Risk to Firm. The AAM UK entities will be subject to IFPR from 1st January 2022. Any exposure to IFPR which the company faces will result from its relationship with AAM UK Plc.

AEGON ASSET MANAGEMENT LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

Corporate governance and capital management

Consistent with the governance framework promulgated by Aegon Asset Management (AAM) for the AAM UK group, the Company has established a governance framework for monitoring and overseeing strategy, conduct of business standards and operations of the business across the Company. This includes a clearly stated corporate organisational structure, appropriate delegated authorities and independent internal audit and risk management functions. Risk management for the Company operated within this governance framework.

Aegon Asset Management Limited is a wholly owned subsidiary of Aegon Asset Management UK Plc, an entity regulated by the Financial Conduct Authority (FCA). The Company does not have individual capital requirements but is included within the scope of consolidated capital supervision.

The Company considers its components of capital to be its Issued Share Capital and Retained Earnings. The Company's objective in managing its capital is to ensure that there are adequate resources to meet the Company's liabilities as they fall due, and to allocate capital efficiently to support growth with excess capital distributed to shareholders where appropriate. The Company's capital is managed on a consolidated basis with that of other companies in the Aegon Asset Management Group (Aegon Asset Management UK Holdings Limited, Aegon Asset Management UK Plc and Aegon Asset Management Limited). The Company manages its capital by measuring its resources and cash available on a regular basis. The Company's capital position and the movement in this from the prior year are disclosed within the Statement of Changes in Equity.

The Company is not regulated by the FCA, however it maintains capital in line with the Capital Requirements Directive (CRD) via consolidated COREP reporting. Following review by the Executive of the adequacy of its capital position, the Company reports to the FCA and the Board on a six monthly basis. The Company has complied with all externally imposed capital requirements throughout the year. The Directors operate a policy which is designed to ensure that the Company maintains a level of capital that is appropriate for the risks it faces. The Aegon Asset Management UK Group prepares an ICAAP document at least annually or more regularly if circumstances require, which sets out the amount of risk assessed capital the Aegon Asset Management UK Group is required to hold. Disclosures relating to the ICAAP are contained within the Pillar 3 section of the Aegon Asset Management Group website:

<https://www.aegonam.com/globalassets/aam/documents/corporate-documents/uk-corporate-disclosure-documents/pillar-3-disclosures.pdf>

AEGON ASSET MANAGEMENT LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

Country by Country Reporting under CRD IV

Under the terms of CRD IV the Company is required to complete Country by Country Reporting on a consolidated basis along with other companies in the Aegon Asset Management UK Group and make this report available on its website. The Company is required to report:-

- The location of the institution and any related subsidiaries and branches
- Turnover
- Average number of employees on a full time equivalent basis
- Profit or loss before tax
- Corporation tax paid
- Public subsidies received

Disclosures relating to Country by Country Reporting are contained within the Company's website

<https://www.aegonam.com/globalassets/aam/documents/corporate-documents/uk-corporate-disclosure-documents/aamuk-cbcr-2019-report.pdf>

Risk and Financial Instruments within the Statement of Financial Position

The Company has a very simple Statement of Financial Position consisting largely of cash, current assets and current liabilities.

The Company's capital consists of Issued Share Capital and Retained Earnings.

Of the risks which the Company is exposed to those with a Statement of Financial Position impact are :-

Credit and Counterparty Risk

The Company offers standard industry credit terms to clients and has an appetite for limited credit risk for this purpose. Aged items exceeding these terms are monitored against set thresholds for acceptable overdue debts. Action is taken to recover such debtors (through deduction from client assets if appropriate). The Company's main sources of non-client related credit risk are other Aegon Group companies. These are considered inherent in the business activities of the Company.

The Company's cash balances are held with one main counterparty. Bankruptcy or insolvency of this counterparty may cause the Company's rights with respect to the cash balances to be delayed or limited. The Company operates a counterparty management policy which sets tolerance limits over the cash holdings based on the credit rating of the counterparty. The Company monitors the credit quality of the relevant counterparties and should the credit quality or the financial position of these counterparties deteriorate significantly the Company would move the cash holdings over to another bank.

Market Risk

The Company does not hold investments and does not have foreign currency exposure and is therefore not exposed to Market Risk.

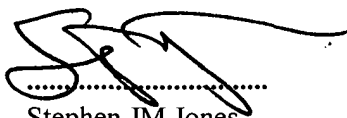
AEGON ASSET MANAGEMENT LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

Liquidity Risk

The Company has a low tolerance for liquidity risk. It operates a liquidity risk management policy setting out minimum threshold levels. Its liquidity position is reported to key management personnel on a quarterly basis. The Company's assets are in cash or short term deposits and invoices are settled as they fall due without the need to realise illiquid assets. Shortfalls are tolerated only for very short periods. Such situations are managed by borrowing from the Company's bank.

This report was approved by the Board of Directors and authorised for issue on 27 April 2022

Signed on its behalf by

A handwritten signature in black ink, appearing to be 'SJ Jones', written over a dotted line.

Stephen JM Jones

Director

AEGON ASSET MANAGEMENT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors present their report and the audited financial statements for the year ended 31 December 2021.

Structure of these financial statements

The Company's financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

Results and Dividends

Details of the results for the year and proposed dividends can be found within the Strategic Report.

Future developments

Details of the future developments of the Company can be found within the Strategic Report.

Financial Risk Management

Details of the Company's financial risk management can be found within the Strategic Report.

Directors and their Interests

The Directors who were in office during the year and up to the date of signing the financial statements are shown on page 1.

The Directors have declared that they had no interest in the share capital of the Company in the year to 31 December 2021.

Each of the Directors has been granted a qualifying third party indemnity by the Company, in terms of the relevant sections of the Companies Act 2006 which was in force for the period from 1 January 2021 to the date of signing of the financial statements.

Going Concern

The Directors have considered the performance of the Company in 2021, its Statement of Financial Position as at 31 December 2021, its future plan and its approach to capital and risk management. The Directors consider that the Company has adequate resources to continue to operate for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Independent Auditors

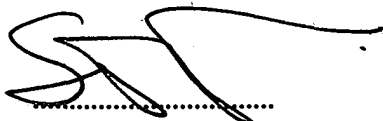
The independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to remain in office and have been reappointed by the Directors for 2022.

AEGON ASSET MANAGEMENT LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

Statement of disclosure of information to auditors

The Directors who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the auditors are unaware; and each Director has taken all steps that they ought to have taken as Director to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The financial statements on pages 15 to 34 were approved by the Board of Directors on 27 April 2022 and signed on its behalf by

A handwritten signature in black ink, appearing to be 'SJ Jones', written over a dotted line.

Stephen J M Jones
Director

AEGON ASSET MANAGEMENT LIMITED

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with UK-adopted international accounting standards.

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Independent auditors' report to the members of Aegon Asset Management Limited

Report on the audit of the financial statements

Opinion

In our opinion, Aegon Asset Management Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Strategic Report, Directors' Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2021; the statement of comprehensive income, the cash flow statement and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

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

AEGON ASSET MANAGEMENT LIMITED

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

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to revenue or expenses, and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Enquiries with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing relevant meeting minutes, including those of the Board and the Audit Committee;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing; and
- Identifying and testing journal entries, in particular and journal entries posted with unusual account combinations; entries posted containing unusual account descriptions and entries posted by unexpected users, where any such journal entries were identified.

AEGON ASSET MANAGEMENT LIMITED

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Kirsty Boyle (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Glasgow
27 April 2022

AEGON ASSET MANAGEMENT LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021
COMPANY NUMBER SC212159**

	Note	<u>2021</u> <u>£000's</u>	<u>2020</u> <u>£000's</u>
Revenue	2	298	382
Administrative expenses	3	<u>(686)</u>	<u>(600)</u>
Operating loss		(388)	(218)
Investment income	4	<u>1</u>	<u>13</u>
Loss before tax		(387)	(205)
Tax credit	5	<u>79</u>	<u>42</u>
Loss for the year after tax		(308)	(163)
Dividend payable		(2,500)	-
Total comprehensive income for the year		<u>(2,808)</u>	<u>(163)</u>

The loss for the year relates wholly to continuing activities.

The loss for the year is attributable to the equity shareholders of the Company.

The notes on pages 19 to 34 are an integral part of these financial statements.

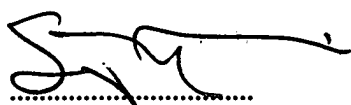
AEGON ASSET MANAGEMENT LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021 COMPANY NUMBER SC212159

	<u>Note</u>	<u>2021</u> <u>£000's</u>	<u>2020</u> <u>£000's</u>
Non-current assets			
Deferred tax	6	24	24
Trade and other receivables	7	76	84
		<u>100</u>	<u>108</u>
Current assets			
Trade and other receivables	7	182	157
Corporation Tax Receivable		121	43
Cash and short term deposits	8	2,110	5,206
		<u>2,413</u>	<u>5,406</u>
Total assets		<u>2,513</u>	<u>5,514</u>
Current liabilities			
Trade and other payables	9	1,102	1,280
		<u>1,102</u>	<u>1,280</u>
Non-current liabilities			
Trade and other payables	9	135	150
		<u>135</u>	<u>150</u>
Total liabilities		<u>1,237</u>	<u>1,430</u>
Net assets		<u>1,276</u>	<u>4,084</u>
Capital and reserves			
Issued capital	10	1,000	1,000
Retained earnings		276	3,084
Total equity		<u>1,276</u>	<u>4,084</u>

The notes on pages 19 to 34 are an integral part of these financial statements.

The financial statements were approved for issue by the Board on 27 April 2022 and signed on its behalf by



Stephen JM Jones
Director

AEGON ASSET MANAGEMENT LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021 COMPANY NUMBER SC212159

	<u>Issued capital</u> £000's	<u>Retained earnings</u> £000's	<u>Total equity</u> £000's
At 1 January 2021	1,000	3,084	4,084
Loss and total comprehensive income for the year	-	(2,808)	(2,808)
At 31 December 2021	<u><u>1,000</u></u>	<u><u>276</u></u>	<u><u>1,276</u></u>

	<u>Issued capital</u> £000's	<u>Retained earnings</u> £000's	<u>Total Equity</u> £000's
At 1 January 2020	1,000	3,247	4,247
Loss and total comprehensive income for the year	-	(163)	(163)
At 31 December 2020	<u><u>1,000</u></u>	<u><u>3,084</u></u>	<u><u>4,084</u></u>

All equity is attributable to equity shareholders of the Company.

The Company did not recognise any income or expense directly in equity (2020: £nil).

The notes on pages 19 to 34 are an integral part of these financial statements.

AEGON ASSET MANAGEMENT LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021 COMPANY NUMBER SC212159

	Note	<u>2021</u> <u>£000's</u>	<u>2020</u> <u>£000's</u>
Operating activities			
(Loss) before tax		(387)	(205)
<i>Adjustment to reconcile profit before tax to net cash inflow from operating activities:</i>			
(Increase)/decrease in trade and other receivables		(17)	244
(Decrease) in trade and other payables		(192)	(2,795)
Income tax paid		-	(65)
Net cash flow generated from operating activities		<u>(596)</u>	<u>(2,821)</u>
Dividend paid		<u>(2,500)</u>	<u>-</u>
Net cash flow generated from financing activities		<u>(2,500)</u>	<u>-</u>
Net (Decrease)/Increase in cash and cash equivalents		<u>(3,096)</u>	<u>(2,821)</u>
Cash and cash equivalents at 1 January		<u>5,206</u>	<u>8,027</u>
Cash and cash equivalents at 31 December	8	<u><u>2,110</u></u>	<u><u>5,206</u></u>

The cash flow statement is prepared according to the indirect method.

Included in net increase in cash and cash equivalents is interest received £Nil (2020: £13k), all of which originates from operating activities.

The notes on pages 19 to 34 are an integral part of these financial statements.

**AEGON ASSET MANAGEMENT LIMITED
(FORMERLY KNOWN AS KAMES CAPITAL MANAGEMENT LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

1. Accounting Policies

1.1. Basis of preparation

The Company is a company limited by shares incorporated and domiciled in the UK.

The Company's financial statements have been prepared on a going concern basis and in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The financial statements have been prepared under the historic cost convention. Within the Financial statements accounting policies have been applied consistently. The financial statements have been prepared under the historic cost convention.

The financial statements of Aegon Asset Management Limited were authorised for issue in accordance with a resolution of the directors on 27 April 2022.

The functional currency and presentational currency of the Company are both pounds sterling (GBP). Amounts displayed within these financial statements are rounded into thousands (£000s).

1.1.1. Adoption of new IFRS accounting standards

New standards and amendments to standards become effective at the date specified by the IFRS (International Financial Reporting Standard) but may allow companies to opt for an earlier adoption date. In 2021, the following amendments to existing standards issued by the IASB became mandatory:

- Interest Rate Benchmark Reform- Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
- Covid-19 Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)- early adopted

1.1.2 Future adoption of new IFRS accounting standards

The following standards and amendments to existing standards, published prior to 1 January 2021, were not early adopted by the Company, but will be applied in future years where applicable:

- IFRS 17 Insurance Contracts
- Prepayment Features with Negative Compensation (Amendments to IFRS 9)
- Reference to the Conceptual Framework (Amendments to IFRS 3)
- Property, Plant and Equipment: Proceeds before Intended US (Amendments to IAS 16)
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards 2018-2020

AEGON ASSET MANAGEMENT LIMITED
(FORMERLY KNOWN AS KAMES CAPITAL MANAGEMENT LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

The following standards and amendments to existing standards, published prior to 1 January 2021, were not early adopted by the Company, but where applicable will be applied in future years where applicable:

- Initial Application of IFRS 17 and IFRS 9- Comparative Information Amendments to IFRS 17)
- Classification of Liabilities as Current or Non- current (Amendments to IAS 1)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

1.2. Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Statement of Financial Position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

Taxes

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future profits together with future tax planning strategies.

Deferred tax assets also exist in respect of timing differences relating to the payment of deferred bonus or Long Term Incentive Plan (LTIP) incentives to employees.

The Company has deferred tax balances amounting to £24k (2020: £24k).

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**AEGON ASSET MANAGEMENT LIMITED
(FORMERLY KNOWN AS KAMES CAPITAL MANAGEMENT LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

1.3. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding VAT. The following specific recognition criteria must also be met before revenue is recognised:

Revenue and other operating income

Revenue, which wholly arose in the United Kingdom, represents fees in respect of services provided as Appointed Representative of the Scottish Equitable and Mobius Life Pooled Funds.

Revenue comprises the following:

i) Appointed Representative of the Scottish Equitable Pooled Funds and Mobius Life Pooled Funds

Fee income is derived from providing services as Appointed Representative of the Scottish Equitable Pooled Funds and Mobius Life's Pooled Funds. Income is accrued on a monthly basis based on the underlying terms of each client's individual contract at the fair value of the amount receivable.

ii) Loyalty Bonus

Loyalty Bonus payments are made to customers of the Scottish Equitable Pooled Funds. Such payments are recognised over the period in which the related services are provided.

iii) Interest Income

Interest income is recognised on an accruals basis.

1.4. Deferred transaction costs

Incremental costs, such as initial commission, that are directly attributable to securing future investment management services are recognised as an asset if they can be identified separately and measured reliably and if it is probable that they will be recovered. This is reported within prepayments and accrued income.

The deferred transaction costs are amortised over a period of four years in line with fee income, unless there is evidence that another method better represents the provision of services under the contract.

1.5. Deferred revenue

Initial fees, margins and front-end loadings paid by clients, for future investment management services, are deferred and recognised as revenue when the related services are rendered. This is reported within accruals and deferred revenue.

The deferred revenue is amortised over a period of four years in line with fee income, unless there is evidence that another method better represents the provision of services under the contract.

AEGON ASSET MANAGEMENT LIMITED
(FORMERLY KNOWN AS KAMES CAPITAL MANAGEMENT LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1.6. Taxation

Current income tax

Current income tax assets and liabilities for the current period and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities or paid to or recovered from other Aegon group companies in respect of group relief surrendered or received. The tax rates and laws used to compute the amount are those that are enacted or substantively enacted by the statement of financial position date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each Statement of Financial Position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each Statement of Financial Position date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

AEGON ASSET MANAGEMENT LIMITED
(FORMERLY KNOWN AS KAMES CAPITAL MANAGEMENT LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the Statement of Financial Position date.

Deferred income tax relating to items recognised directly in equity is recognised directly in equity and not in the statement of comprehensive income.

Deferred income tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred income tax relates to the same taxable entity and the same taxation authority.

1.7. Trade and other receivables

Trade receivables, which generally have 30 day terms, are recognised and carried at the lower of their original invoice's value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. Provision is made when there is objective evidence that the Company will not be able to recover balances in full.

1.8. Cash and cash equivalents

Cash and short-term deposits in the Statement of Financial Position comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less.

For the purpose of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

1.9. Trade and Other Payables

Trade and other payables other than LTIP generally arise as a result of transactions with other Aegon group entities. They are recognised and carried at the higher of the original invoice's value and the payable amount.

1.10. Long term Incentive Plan (LTIP)

The LTIP meets the definition of employee benefits as defined in IAS 19. It is a defined contribution plan and the contributions are payable by the Company based on achievement of targets in specified calendar years. The cost of the scheme is recognised as an expense and liability upon achievement of the targets. The Company pays the set amount to an independent employee benefits trust in the year following recognition of the contribution. Once the contribution has been made, the Company has no ability to recover any amount paid to the trust.

2. Revenue

	<u>2021</u> <u>£000's</u>	<u>2020</u> <u>£000's</u>
Management Fees	330	445
Loyalty Bonus	(32)	(63)
Total Fees	<u>298</u>	<u>382</u>

AEGON ASSET MANAGEMENT LIMITED
(FORMERLY KNOWN AS KAMES CAPITAL MANAGEMENT LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

Revenue represents fees receivable from other Aegon N.V. subsidiary companies in respect of the provision of Appointed Representative services for the Scottish Equitable and Mobius Life Pooled funds by the Company. Loyalty Bonuses are paid to customers of the Scottish Equitable Pooled Funds in respect of their continued investment in those funds.

For terms and conditions relating to related party transactions, refer to note 13.

3. Administrative expenses

Administrative expenses were £686k (2021: £600k) which include £686k (2020: £594k) relating to recharges to the Company by Aegon UK Corporate Services Limited, a fellow subsidiary of Aegon N.V. For terms and conditions relating to related party transactions, refer to note 13.

Aegon UK Corporate Services Limited employs all staff whose costs are included in administrative expenses.

Details of Directors' emoluments for the year ended 31 December 2021 can be found in the parent company financial statements of Aegon Asset Management UK Plc. The highest paid Director is disclosed in the accounts of Aegon Asset Management UK Plc. Total Directors Emoluments attributed to Aegon Asset Management Limited are £13k (2020: £12k).

During the year audit fees of £2k were accrued by the Company (2020: £2k).

No political donations were made by the Company during the year (2020 : nil).

The amount of operating lease rentals paid in the year was £9k (2020: £34k).

4. Investment Income

	<u>2021</u> <u>£000's</u>	<u>2020</u> <u>£000's</u>
Cash and short term deposits income	<u>1</u>	<u>13</u>
	<u>1</u>	<u>13</u>

AEGON ASSET MANAGEMENT LIMITED
(FORMERLY KNOWN AS KAMES CAPITAL MANAGEMENT LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

5. Tax charge

(a) Current year tax charge

	<u>2021</u> <u>£000's</u>	<u>2020</u> <u>£000's</u>
<u>UK current tax</u>		
Corporation tax for the year	79	43
Total current tax charge	79	43
<u>UK deferred tax</u>		
Origination and reversal of temporary differences	(6)	(4)
Change in deferred tax rate	6	3
Total deferred tax charge	(0)	(1)
Total tax charge reported in the statement of comprehensive income	79	42

The current rate of tax of 19%, which has been effective since 1 April 2017, was enacted by Finance (No.2) Act on 26 October 2015. The Finance Act 2016, enacted on 6 September 2016, included a future reduction in the corporation tax rate from 19% to 17% with effect from 1 April 2020, however in the Spring Budget 2020, the Government announced the corporation tax rate would remain at 19% from 1 April 2020 and this was substantively enacted on 17 March 2020. The Finance Act 2021, substantively enacted on 24 May 2021, included a future increase to the corporation tax rate from 19% to 25% with effect from 1 April 2023.

The impact of these reductions in tax rates on the deferred tax balances have been included in the above figures and the deferred tax tables.

(b) Reconciliation of tax charge

	<u>2021</u> <u>£000's</u>	<u>2020</u> <u>£000's</u>
Accounting profit before tax	(387)	(205)
Tax charge calculated using weighted average applicable statutory rates	74	39
Impact of change in deferred tax rate	6	3
Other	(1)	-
Total tax charge reported in the statement of comprehensive income	79	42

The weighted average applicable tax rate of 2021 is 19.00% (2020: 19.00%).

AEGON ASSET MANAGEMENT LIMITED
(FORMERLY KNOWN AS KAMES CAPITAL MANAGEMENT LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

6. Deferred Taxation

Recognised deferred tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when income taxes relate to the same fiscal authority. The amounts are as follows:

	<u>2021</u> <u>£000's</u>	<u>2020</u> <u>£000's</u>
Deferred tax assets comprise		
Incentive plans	5	8
Deferred acquisition costs/ Deferred initial margin	19	16
	<u>24</u>	<u>24</u>

	<u>2021</u> <u>£000's</u>	<u>2020</u> <u>£000's</u>
Deferred tax assets		
At 1 January	24	25
Change in deferred tax rate	6	3
Other amounts recorded in statement of comprehensive income	(6)	(4)
At 31 December	<u>24</u>	<u>24</u>

7. Trade and other receivables

	<u>2021</u> <u>£000's</u>	<u>2020</u> <u>£000's</u>
Non-current trade and other receivables		
Prepayments and accrued income	76	84
Current trade and other receivables		
Amounts owed by fellow Aegon N.V. subsidiary undertakings	156	129
Prepayments and accrued income	26	28
	<u>182</u>	<u>157</u>
	<u>258</u>	<u>241</u>

For terms and conditions relating to related party transactions, refer to note 13.

AEGON ASSET MANAGEMENT LIMITED
(FORMERLY KNOWN AS KAMES CAPITAL MANAGEMENT LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

8. Cash and short term deposits

	<u>2021</u> <u>£000's</u>	<u>2020</u> <u>£000's</u>
Cash at bank	2,110	5,206
	<u>2,110</u>	<u>5,206</u>

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates. The fair value of cash and short term deposits is £2,110k (2020: £5,206k).

The Company only deposits cash surpluses with major banks of acceptable credit standing (A- rated or higher).

9. Trade and other payables

	<u>2021</u> <u>£000's</u>	<u>2020</u> <u>£000's</u>
Current trade and other payables		
Payables to fellow Aegon N.V. subsidiary undertakings	1,035	1,210
LTIP payable to employee trust	-	6
Accruals and deferred income	67	64
	<u>1,102</u>	<u>1,280</u>
Non-current trade and other payables		
Accruals and deferred income	135	150
	<u>135</u>	<u>150</u>
	<u>1,237</u>	<u>1,430</u>

Terms and conditions of the above financial liabilities:

- For terms and conditions relating to related parties, refer to note 13.
- Trade payables are non-interest bearing and are normally settled in 30 days.
- The LTIP payable is non-interest bearing and normally settled 3 months after the year end.

AEGON ASSET MANAGEMENT LIMITED
(FORMERLY KNOWN AS KAMES CAPITAL MANAGEMENT LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

10. Issued Capital

	<u>2021</u> <u>£000's</u>	<u>2020</u> <u>£000's</u>
Authorised share capital		
10,000,002 Ordinary shares of £1 each (2020 :10,000,002)	<u>10,000</u>	<u>10,000</u>
Allotted, called up and fully paid		
1,000,002 Ordinary shares of £1 each (2020: 1,000,002)	<u>1,000</u>	<u>1,000</u>

Information on capital management and risk management is included in the Strategic Report within the 'Corporate governance and capital management' and 'Risk and Financial Instruments within the Statement of Financial Position' sections.

11. Capital Commitments, contingent liabilities and charges

Obligations under leases:

The Aegon Asset Management UK Group has entered into two commercial leases. The first lease duration is 12 years, with the lease expected to run until the twelfth anniversary of date of entry in 2015. The second lease duration is 10 years with the lease expected to run until the tenth anniversary of date of entry in 2012.

As the entity entering into the lease is Aegon Asset Management UK Plc the future minimum rentals payable under non-cancellable operating leases have been disclosed within the audited financial statements of that entity for 2021.

There are no contingent liabilities or charges at the year end. (2020: £nil).

AEGON ASSET MANAGEMENT LIMITED
(FORMERLY KNOWN AS KAMES CAPITAL MANAGEMENT LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

12. Risk Management

General

The Company is exposed to financial risks. The main financial risks are credit risk, liquidity risk and market risk, with the principal elements of market risk being interest rate risk and equity price risk. The Company is not exposed to significant currency risk other than through indirect exposure to changes in the value of the funds it manages and hence its fee income. This risk is managed in the same way as the Company manages market risk. The Risk and Financial Instruments within the Statement of Financial Position section of the Strategic Report describes the Company's general approach to risk management and the management of financial risks.

Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The carrying amounts of financial assets best represent the maximum credit risk exposure at the balance sheet date.

At the reporting date the Company's financial assets exposed to credit risk amounted to the following:

	<u>2021</u>	<u>2020</u>
	<u>£000s</u>	<u>£000s</u>
Cash and cash equivalents	2,110	5,206
Interest and other receivables	257	241

The Company is exposed to credit risk on standard industry credit available to clients and has an appetite for limited credit risk for this purpose. Aged items exceeding these terms are monitored against set thresholds for acceptable overdue debts. Action is taken to recover such debts (through deduction from client assets if appropriate). On a quarterly basis credit risk is quantified using the CRD IV Standardised Approach and reported to the Board of Directors who review this in light of the Aegon Asset Management UK Group's credit risk appetite.

The Company's main sources of non-client related credit risk are HMRC, or other Aegon Group companies. These are considered inherent in the business activities of the Company. The Company does not hold financial instruments which give rise to concentrations of risk. Details of these balances are listed under note 8.

Cash and cash equivalents are held with financial institutions with the following short term credit ratings provided by Standard and Poor's:-

	<u>2021</u>	<u>2020</u>
	<u>£000's</u>	<u>£000's</u>
A-1	2,110	5,206
Total	<u>2,110</u>	<u>5,206</u>

AEGON ASSET MANAGEMENT LIMITED
(FORMERLY KNOWN AS KAMES CAPITAL MANAGEMENT LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

The Company's cash balances are currently held by a number of counterparties. Bankruptcy or insolvency of any of these counterparties may cause the Company's rights with respect to the cash balances to be delayed or limited. The Company operates a counterparty management policy which sets tolerance limits over the cash holdings based upon the credit rating of the counterparty. The Company monitors the credit quality of the relevant counterparties and should the credit quality or the financial position of these counterparties deteriorate significantly the Company would move the cash holdings over to another bank.

There were no significant concentrations of credit risk to counterparties at 31 December 2021 or 31 December 2020.

Liquidity Risk

The Company has only limited exposure to liquidity risk as balances are held in cash and short term deposits. It operates a liquidity risk management policy setting out minimum threshold levels. Amounts due are settled without the need to realise illiquid assets. Details of these balances are listed under note 8.

The table below summarises the maturity profile of the Company's financial liabilities at 31 December 2021 and 2020 based on contractual undiscounted payments.

Maturity Analysis

As at 31 December 2021

	<u>On</u>	<u>Less</u>	<u>3 to 12</u>	<u>1 to 5 yrs</u>	<u>>5 yrs</u>	<u>Total</u>
	<u>Demand</u>	<u>than 3</u>	<u>months</u>	<u>months</u>	<u>years</u>	
	<u>£000</u>	<u>months</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Non Derivative Financial Liabilities						
Trade and other payables	-	1,057	45	135	-	1,237

As at 31 December 2020

	<u>On</u>	<u>Less</u>	<u>3 to 12</u>	<u>1 to 5 yrs</u>	<u>>5 yrs</u>	<u>Total</u>
	<u>Demand</u>	<u>than 3</u>	<u>months</u>	<u>months</u>	<u>years</u>	
	<u>£000</u>	<u>months</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Non Derivative Financial Liabilities						
Trade and other payables	-	1,223	57	150	-	1,430

AEGON ASSET MANAGEMENT LIMITED
(FORMERLY KNOWN AS KAMES CAPITAL MANAGEMENT LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

Market Risk

Results of the Company's sensitivity analyses are presented throughout this section to show the estimated sensitivity of Profit after tax for the year and Shareholder's Equity to various scenarios. For interest rate risk and equity price risk, the analysis shows how these measures would have been affected by changes in the relevant risk variables that were reasonably possible at the reporting date. In performing the analyses and determining the impact for the financial year, the assumption is made that the financial instrument exposures at the Statement of Financial Position date were in existence for a full year. For each sensitivity test, the impact of a reasonably possible change in a single factor is shown.

The sensitivities do not reflect what the results for the year would have been if risk variables had been different, because, for financial instruments, the analysis is based on the exposures in existence at the reporting date rather than on those that actually occurred during the year. The analysis does not take into account the impact of future new business, which is an important component of the Company's future earnings. It also does not consider all instruments available to management to respond to changes in the financial environment. Furthermore, the results of the analyses cannot be extrapolated for wider variations since effects are not always linear. No risk management process can clearly predict future results.

Interest Rate Risk

The sensitivity analysis in the table below shows an estimate of the effect of a parallel shift in the yield curve on Profit for the year and Shareholders' Equity. The effect of an increase in the yield curve would be to reduce the overall asset valuations thereby reducing fee income earned. The converse applies for a reduction in yield. As assets are not held within the Statement of Financial Position of the Company the only equity impact of this change is on Fee Income earned and is carried directly through the Statement of Comprehensive Income to impact Retained Profits.

	<u>Impact on</u> <u>profit for</u> <u>the year</u>	<u>Impact on</u> <u>Capital</u> <u>and</u> <u>Reserves</u>
	<u>2021</u>	<u>2021</u>
	<u>£000's</u>	<u>£000's</u>
Immediate change		
Shift up 100 basis points	3	3
Shift down 100 basis points	(2)	(2)

	<u>Impact on</u> <u>profit for</u> <u>the year</u>	<u>Impact on</u> <u>Capital</u> <u>and</u> <u>Reserves</u>
	<u>2020</u>	<u>2020</u>
	<u>£000's</u>	<u>£000's</u>
Immediate change		
Shift up 100 basis points	4	4
Shift down 100 basis points	(5)	(5)

AEGON ASSET MANAGEMENT LIMITED
(FORMERLY KNOWN AS KAMES CAPITAL MANAGEMENT LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

Equity price risk

The sensitivity analysis of Profit for the year and Shareholders' Equity to changes in equity prices is presented in the table below. The sensitivity of Profit for the year and Shareholders' Equity primarily reflects changes in the value of Assets under Management leading to corresponding increases or decreases in fee income and therefore profits.

	<u>Impact on</u> <u>profit for</u> <u>the year</u>	<u>Impact on</u> <u>Capital</u> <u>and</u> <u>Reserves</u>
	<u>2021</u>	<u>2021</u>
	<u>£000's</u>	<u>£000's</u>
Immediate change		
Equity increase 10%	10	10
Equity decrease 10%	(12)	(12)

	<u>Impact on</u> <u>profit for</u> <u>the year</u>	<u>Impact on</u> <u>Capital</u> <u>and</u> <u>Reserves</u>
	<u>2020</u>	<u>2020</u>
	<u>£000's</u>	<u>£000's</u>
Immediate change		
Equity increase 10%	11	11
Equity decrease 10%	(12)	(12)

13. Related party transactions

(a) Ultimate parent undertaking

The ultimate parent undertaking and controlling party is Aegon N.V., which is incorporated in the Netherlands. Aegon N.V. is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2021. The consolidated financial statements of Aegon N.V. are available from the Company Secretary, Aegon Asset Management Plc, 3 Lochside Crescent, Edinburgh Park, Edinburgh, EH12 9SA.

AEGON ASSET MANAGEMENT LIMITED
(FORMERLY KNOWN AS KAMES CAPITAL MANAGEMENT LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

(b) Year end balances and transactions with related parties

The Company provides Appointed Representative services for the Scottish Equitable Pooled funds to other members of the Aegon N.V. Group at prices which are agreed from time to time between the Company and the recipients of the service, taking into account the size and nature of the service (see note 2 for total amount of such transactions). Income for these services is derived from providing services as Appointed Representative for the Scottish Equitable Pooled funds. For further detail of these transactions refer to note 2.

Administrative expenses are recharged to the Company at cost plus a 5% mark-up by Aegon UK Corporate Services Limited, a fellow subsidiary of Aegon N.V. (see note 3 for total amount of such transactions).

Outstanding balances are unsecured, interest free and cash settlement is generally expected within 30 days of invoice. The Company has not provided or benefited from any guarantees for any related party receivables or payables. During the year ended 31 December 2021 the Company has not made any provision for doubtful debt relating to amounts owed by related parties (2020: £nil).

Year end balances for related party transactions are detailed in notes 7 and 9.

(c) Compensation of key management personnel (including directors)

	<u>2021</u> <u>£000's</u>	<u>2020</u> <u>£000's</u>
Short term employee benefits	9	8
Post employment employee benefits	-	-
Other long term benefits	4	4
	<u>13</u>	<u>12</u>

During the current year no directors received payments for termination of office however in the prior year one director received a payment for termination of loss of office. The share of this payment allocated to the Company was £nil (2020: £nil).

AEGON ASSET MANAGEMENT LIMITED
(FORMERLY KNOWN AS KAMES CAPITAL MANAGEMENT LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

14. Dividends paid and proposed

	<u>2021</u> <u>£000's</u>	<u>2020</u> <u>£000's</u>
Declared and paid during the year		
Equity dividend on ordinary shares		
Final dividend for 2020 – 0.0p (2019 – 0.0p)	-	-
Interim dividend for 2021 – 250.0p (2020 – 0.0p)	2,500	-
Proposed for approval by shareholders		
Final dividend for 2021 – 0.0p (2020 – 0.0p)	-	-