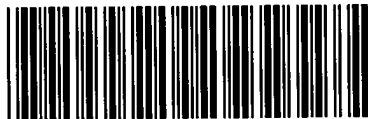


AEGON ASSET MANAGEMENT UK HOLDINGS LIMITED

STRATEGIC REPORT, DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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AEGON ASSET MANAGEMENT UK HOLDINGS LIMITED

COMPANY INFORMATION

Directors	Jane Daniel ACIB, FCIBS Stephen J M Jones, BA
Secretary	Gordon Syme, LLB
Company Number	SC366069
Registered Office	Aegon Asset Management 3 Lochside Crescent Edinburgh Park Edinburgh EH12 9SA
Independent Auditors	Pricewaterhouse Coopers LLP 141 Bothwell St Glasgow G2 7EQ

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**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

Principal and ongoing activities

The principal activity of the company is to act as an investment holding company.

Review of business and future developments

The Aegon Asset Management UK Group – as set out in note 5 - (of which this company is the holding company) remains dedicated to active management. We have capabilities in fixed income, equities, property, cash and multi-asset 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 UK Holdings 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 UK 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.

The major investments of the Company are in Aegon Asset Management UK Plc, Aegon Asset Management Limited and Kames Target Healthcare General Partner Limited and the main key performance indicators relate to the performance of these underlying businesses.

The Company delivered profits after tax but before dividends of £0.0m (2020: £0.0m).

Net assets at the end of the year were £49.1m (2020: £21.1m). This is in line with the Directors' expectations.

The Directors do not anticipate any significant changes in the operation of the company within the foreseeable future other than those noted in the 'Future Developments' section below.

All directors served throughout the year and up to until the date of this report.

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

The main operational priority for the Aegon Asset Management UK Group in 2021 was to continue progress its global integration within the wider Aegon Asset management structure whilst maintaining effective local legal entity governance. Global leadership structures were established on a functional basis in 2020 with a number of workstreams in place focussing delivering the scale benefits of operating globally. The largest impact of this in 2021 was within the RAFT project run within the Operations area. In addition the Aegon Asset Management UK Group was an active participant in Aegon's RTS (Reset, Transform Sustain) strategy which is focussed on delivery of an organisational culture capable of maximising opportunities and converting those into tangible benefits.

The cost of these initiatives was significant for the AAM Group over the course of the year, however it is anticipated that the future benefits resulting from these will fuel the return of the AAM group to profitability in the foreseeable future.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

Development and Performance of the Company's business during the financial year (cont.)

During the year the company received nil dividends from its subsidiaries, (2020: £0.0m). The company did not pay a dividend to its parent entity during the year (2020: £0.0m). Details of developments in the business of the company's subsidiaries can be found within the audited financial statements of those entities.

A capital injection of £28m was made from Aegon Asset Management Holding B.V. to Aegon Asset Management UK Holding Ltd on 26th February 2021. This equated to a subscription of 28m shares, fully paid at £1 each. Aegon Asset Management UK Holdings Limited then acquired 28m shares in Aegon Asset Management UK Plc fully paid at £1 each on the same date.

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. A 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.

The company is only impacted by the war in Ukraine through the results of its subsidiaries.

Description of the principal risks and uncertainties facing the company

The Company operates a formal risk management framework to assess risk and mitigating controls. Two of the company's subsidiaries, Aegon Asset Management UK Plc and Aegon Asset Management Limited, review risk as part of their Internal Capital Adequacy Assessment Process (ICAAP). The directors consider that the company is subject largely to Credit and Counterparty Risk; Market Risk; Business Risk; Concentration Risk; Group Risk; Liquidity Risk and Operational Risk – generally through the activities of its subsidiaries. The Company operates 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.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

- 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 does not consider that it is exposed to significant financial instrument risk. Financial instruments comprise primarily the company's Investment in Subsidiaries which is held at cost. The Directors consider that the fair value of the Investment in Subsidiaries is in excess of cost. 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).

From 1st January 2022, the FCA's new Investment Firm Prudential Regime (IFPR) came into force for all UK MIFID investment firms. The new regime shifts the industry's requirements from assessing risks to managing potential harms that can be faced by consumers and the markets. There will be a focus on an Internal Capital and Risk Assessment (ICARA) instead of the Internal Capital Adequacy Assessment Process (ICAAP) that was previously used. The IFPR introduces K-factor requirements which examine three risk areas- Risk to Client, Risk to Market and the Risk to Firm. These K Factor requirements will determine the firm's capital requirements. The AAM UK entities will be subject to IFPR from 1st January 2022.

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.

The Company considers its sources of capital to consist of Ordinary 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 and repatriate excess capital where appropriate. The Company's capital is managed in conjunction with that of other companies in the Aegon Asset Management UK 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.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

The Company is not regulated by the FCA, however it maintains capital in line with the Capital Requirements Directive (CRD) via consolidated COREP reporting. The company has complied with all externally imposed capital requirements throughout the year.

Risk and Capital Management and Financial Instruments within the Statement of Financial Position

The Company has a very simple Statement of Financial Position consisting largely of cash and non-current assets being its investment in subsidiaries.

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

Credit and Counterparty Risk

The Company does not offer credit and is therefore only subject to Credit risk through the results of its subsidiaries. The company is subject to Counterparty Risk on its bank account and through the results of its subsidiaries.

Market Risk

The Company is only subject to Market Risk through the results of its subsidiaries.

Business Risk

The Company is principally subject to Business Risk through the results of its subsidiaries.

Concentration Risk

The Company is only subject to Concentration Risk through the results of its subsidiaries.

Group Risk

The Company is subject to Group risk principally through its interaction with its shareholder and through the results of its subsidiaries.

Liquidity Risk

The Company has a low tolerance for liquidity risk. The Company's holds assets of cash or short term deposits to ensure that invoices are settled as they fall due without the need to realise illiquid assets.

Operational Risk

The Company is principally subject to Operational Risk through the results of its subsidiaries.

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

Signed on its behalf by



Stephen JM Jones

Director

**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.

Consolidated financial statements have not been prepared because Aegon Asset Management UK Holdings Limited is a subsidiary of the ultimate parent Company, Aegon N.V., a European Company into which the results of Aegon Asset Management UK Holdings Limited are consolidated.

Results and dividends

The results for the year are set out on page 13. The Company paid dividends of £0.0m (2020: £0.0m) during the year. This was equivalent to 0.0p per share (2020: 0.0p). The Directors do not recommend payment of a final dividend.

Future Developments

Future developments for the Company are included 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 held office at the date of this report are shown on page 1. All Directors served throughout the year.

The Directors have declared that they had no interest in the share capital of the Company in the year ended 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 in 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 the year, its Statement of Financial Position on 31 December 2021, its future plans 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 continue in office and have been reappointed by the directors for 2022.

**DIRECTORS' 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 13 to 23 were approved by the Board of Directors on 27 April 2022 and signed on its behalf by



.....
Stephen JM Jones
Director

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 UK Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion, Aegon Asset Management UK Holdings 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 profit 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 UK HOLDINGS 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. 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 posted during the period.

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.

AEGON ASSET MANAGEMENT UK HOLDINGS LIMITED

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 UK HOLDINGS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021
COMPANY NUMBER SC366069**

	Note	<u>2021</u> <u>£000's</u>	<u>2020</u> <u>£000's</u>
Expenses			
Finance Costs		-	-
Operating Result		-	-
Dividends Received	3	-	-
Profit before tax		-	-
Tax charge	4	-	-
Profit for the year		-	-
Total comprehensive income for the year		-	-

Any result for the year relates wholly to continuing activities.

Any Profit for the year is attributable to the equity shareholders of the Company.

The notes on pages 17 to 23 are an integral part of these financial statements.

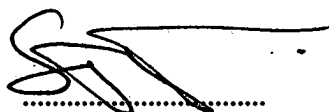
AEGON ASSET MANAGEMENT UK HOLDINGS LIMITED

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021
COMPANY NUMBER SC366069**

	<u>Note</u>	<u>2021</u> <u>£000's</u>	<u>2020</u> <u>£000's</u>
Non-current assets			
Investments in subsidiaries	5	<u>49,043</u>	<u>21,043</u>
		<u>49,043</u>	<u>21,043</u>
Current assets			
Cash and short term deposits	6	<u>73</u>	<u>73</u>
		<u>73</u>	<u>73</u>
Total assets		<u>49,116</u>	<u>21,116</u>
Net assets		<u>49,116</u>	<u>21,116</u>
Capital and reserves			
Issued capital	7	<u>46,711</u>	<u>18,711</u>
Retained earnings		<u>2,405</u>	<u>2,405</u>
Total equity		<u>49,116</u>	<u>21,116</u>

The notes on pages 17 to 23 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 UK HOLDINGS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021
COMPANY NUMBER SC366069**

	<u>Issued capital £000's</u>	<u>Retained earnings £000's</u>	<u>Total equity £000's</u>
At 1 January 2021	18,711	2,405	21,116
Capital Injection	28,000	-	28,000
Result and total comprehensive income for the year	-	-	-
Dividends paid	-	-	-
At 31 December 2021	<u>46,711</u>	<u>2,405</u>	<u>49,116</u>

FOR THE YEAR ENDED 31 DECEMBER 2020

	<u>Issued capital £000's</u>	<u>Retained earnings £000's</u>	<u>Total equity £000's</u>
At 1 January 2020	18,711	2,405	21,116
Result and total comprehensive income for the year	-	-	-
Dividends paid	-	-	-
At 31 December 2020	<u>18,711</u>	<u>2,405</u>	<u>21,116</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 17 to 23 are an integral part of these financial statements.

AEGON ASSET MANAGEMENT UK HOLDINGS LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021
COMPANY NUMBER SC366069**

	Note	<u>2021</u> <u>£000's</u>	<u>2020</u> <u>£000's</u>
Investing Activities			
Dividends received	3	-	-
Dividends paid	10	-	-
Net cash flow from investing activities		-	-
Financing Activities			
Capital Injection		28,000	-
Investment in subsidiary		(28,000)	-
Net cash flow from financing activities		-	-
Net change in cash and cash equivalents		-	-
Cash and cash equivalents at 1 January		<u>73</u>	<u>73</u>
Cash and cash equivalents at 31 December	6	<u><u>73</u></u>	<u><u>73</u></u>

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

The notes on pages 17 to 23 are an integral part of these financial statements.

AEGON ASSET MANAGEMENT UK HOLDINGS 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 of Aegon Asset Management UK Holdings Limited were authorised for issue in accordance with a resolution of the directors on 27 April 2022.

These are the separate financial statements of the Company. The Company has taken the Companies Act Section 401 exemption from preparing consolidated financial statements as the ultimate parent undertaking Aegon N.V., which is incorporated in the Netherlands, prepares publicly available consolidated financial statements which comply with IFRS.

The functional currency and the presentational of the Company are 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:

- 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 Use (Amendments to IAS 16)
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards 2018-2020

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:

AEGON ASSET MANAGEMENT UK HOLDINGS LIMITED

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

- 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.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the Statement of Financial Position date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, are discussed below.

Investments in subsidiaries and associates

The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Investments in subsidiaries are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken management must estimate the expected future cash flows from the asset and choose a suitable discount rate in order to calculate the present value of those cash flows in addition to considering the underlying carrying value of the assets and liabilities held by subsidiaries. No value in use calculation was undertaken in the current year as there was no impairment required.

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:

Interest income

Interest income is recognised on an accruals basis.

Dividend income

Dividend income is recognised when it is received or in the case of a final dividend when it is approved. During the year the Company received no dividend income from its subsidiaries (2020: £0.0m).

1.4. 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

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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.

1.5 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.

1.6 Investments in subsidiaries

Subsidiaries are entities over which the Company has direct or indirect power to govern the financial and operating policies so as to obtain benefits from its activities ('control'). The assessment of control is based on the substance of the relationship between the Company and the entity and, among other things, considers existing and potential voting rights that are currently exercisable and convertible.

Subsidiaries are accounted for at cost. Any impairment on individual investments in subsidiaries held at cost is determined at each reporting date. Dividends from subsidiaries are included in investment income when paid (or in respect of final dividends when approved), net of any impairment of the investment in subsidiary resulting from the dividend.

2. Administrative expenses

No directors' fees are paid by the Company (2020: £nil). These are met by the subsidiaries of the Company – Aegon Asset Management UK Plc and Aegon Asset Management Limited – or by other companies within the Aegon Group.

The company has no employees (2020: nil).

No audit fees are paid by the Company. These are met by the subsidiaries of the Company – Aegon Asset Management UK Plc and Aegon Asset Management Limited. These amount to £106k (2020: £103k).

There were no political donations made during the year by the company (2020: £nil).

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3. Dividends received

	<u>2021</u> <u>£000's</u>	<u>2020</u> <u>£000's</u>
Dividend received from Aegon Asset Management UK Plc	-	-
Dividends received	-	-

4. 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 charge for the year	-	-
Total current tax	-	-
 Total tax charge reported in the statement of comprehensive income	 -	 -

(b) Reconciliation of tax charge

	<u>2021</u> <u>£000's</u>	<u>2020</u> <u>£000's</u>
Accounting profit before tax and dividends paid	-	-
Tax charge calculated using weighted average applicable statutory rates	-	-
Effect of:		
Non-deductible expenses and non-taxable income	-	-
Total tax charge reported in the statement of comprehensive income	-	-

The current tax rate 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.

In the Spring Budget 2021, the Government announced their intention to increase the corporation tax rate from 19% to 25% from 1 April 2023. This increase has not been substantively enacted but if it were, using a 25% tax rate to value the deferred tax assets this would have no effect in this company.

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

5. Investments in subsidiaries

	<u>2021</u> <u>£000's</u>	<u>2020</u> <u>£000's</u>
At 1 January	21,043	21,043
Capital Contribution	28,000	-
At 31 December	<u>49,043</u>	<u>21,043</u>

All investments in subsidiaries are carried at cost less impairment losses.

At 31 December 2021 the Company held 100% of the shares in the following principle subsidiaries. The undertakings have only one class of share.

Name	Principal activity	Registered	Holding %	Profit/(Loss) to 31 December 2021 £000s	Capital as at 31 December 2021 £000s
Aegon Asset Management UK Plc	Asset Management Services	Scotland	100%	(13,834)	51,476
Aegon Asset Management Limited	Appointed Representative Services	Scotland	100%	(2,808)	1,276
Kames Target Healthcare General Partner Limited	General Partner	Jersey	100%	-	-

The registered address for both Aegon Asset Management UK Plc and Aegon Asset Management Limited is Aegon House, 3 Lochside Crescent, Edinburgh Park, Edinburgh, EH12 9SA. The registered address for Kames Target Healthcare General Partner Limited is 27 Esplanade, St Helier, Jersey, JE1 1SG.

6. Cash and short term deposits

	<u>2021</u> <u>£000's</u>	<u>2020</u> <u>£000's</u>
Short term deposits	73	73
	<u>73</u>	<u>73</u>

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Cash at banks earn 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 £73k (2020: £73k).

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

7. Issued Capital

	<u>2021</u> <u>£000's</u>	<u>2020</u> <u>£000's</u>
Allotted, called up and fully paid		
46,711,000 Ordinary shares of £1 each (2020: 18,711,000)	<u>46,711</u>	<u>18,711</u>

The Directors have passed a resolution which allows the allotment of additional shares as required in accordance with the Companies Act. There is therefore no Authorised share capital.

Information on capital management is included in the Strategic Report under 'Corporate governance and capital management'.

Aegon Asset Management Holding B.V. owns the entire share capital of the Company.

8. 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 UK Plc, Aegon House, 3 Lochside Crescent, Edinburgh Park, Edinburgh, EH12 9SA.

(b) Year end balances and transactions with related parties

There were no transactions with related parties during 2021 (2020: £nil) (other than dividends received and paid).

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

No key management personnel (including directors) received any compensation in respect of services provided to the Company. These costs are met by the subsidiaries of the Company – Aegon Asset Management UK Plc and Aegon Asset Management Limited.

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

(d) Dividends received and paid

During the year the company received no dividends from its subsidiary Aegon Asset Management UK Plc (2020: £0.0m). The company did not pay dividends (2020: £0.0m) to its parent entity Aegon Asset Management Holdings B.V.

9. Risk Management

The Company is not exposed to significant financial statement risk. Further details of the Company's risk management policies can be found within the Strategic Report section entitled "Risk and Capital Management and Financial Instruments within the Statement of Financial Position".

10. 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 – 0.0p (2020 – 0.0p)	-	-
Proposed for approval by shareholders		
Final dividend for 2021– 0.0p (2020 – 0.0p)	-	-

11. Post Balance Sheet events

Capital Injection

A capital injection of £8m was made from Aegon Asset Management Holding B.V. to Aegon Asset Management UK Holding Ltd on 25th March 2022. This equated to a subscription of 8m shares, fully paid at £1 each. Aegon Asset Management UK Holdings Limited then acquired 8m shares in Aegon Asset Management UK Plc fully paid at £1 each on the same date.