Aegon European ABS Fund

Supplement to the Prospectus dated 22 July 2019 for Aegon Asset Management Europe ICAV

An umbrella fund with segregated liability between sub-funds

This Supplement contains specific information in relation to the Aegon European ABS Fund (the **Fund**), a sub-fund of Aegon Asset Management Europe ICAV (the **ICAV**) an umbrella type open-ended Irish collective asset-management vehicle governed by the laws of Ireland and authorised by the Central Bank of Ireland (the **Central Bank**). The ICAV has eight other sub-funds in existence as at the date of this Supplement:

(1) Aegon Euro Credits Fund;

(2) Aegon European High Yield Bond Fund;

(3) Aegon US High Yield Bond Fund;

(4) Aegon European Government Bond Fund;

(5) Aegon Emerging Markets Debt Fund;

(6) Aegon US Short Duration High Yield Bond Fund;

(7) Aegon Global Multi Asset Credit Fund; and

(8) Aegon US High Yield Select Bond Fund.

This Supplement forms part of and should be read in conjunction with the Prospectus dated 22 July 2019 (the Prospectus).

The Directors of the ICAV, whose names appear in the **Directors of the ICAV** section of the Prospectus, accept responsibility for the information contained in the Prospectus and this Supplement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) such information is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

Investors should also note that subscription for Shares of the Fund is not the same as making a deposit with a bank or other deposit taking body. The principal invested in the Fund is capable of fluctuation and the value of the Shares is not insured or guaranteed.

The launch and listing of various classes within the Fund may occur at different times and therefore at the time of the launch of a given class(es), the pool of assets to which a given class(es) relates may have commenced to trade. Financial information in respect of the Fund will be published from time to time, and the most recently published audited and unaudited financial information will be available to potential investors upon request following publication.

Words and expressions defined in the Prospectus shall, unless the context otherwise requires, have the same meaning when used in this Supplement.

Dated: **22 July 2019**

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1. INVESTMENT OBJECTIVE

The investment objective of the Fund is to provide long term capital growth.

2. INVESTMENT MANAGER

Aegon Investment Management B.V., based in The Hague, manages and distributes Irish domiciled investment funds through its sales team to investors in the Netherlands and overseas.

3. INVESTMENT POLICIES

The Fund will seek to achieve its investment objective by investing at least 70% of its net assets in asset-backed securities. Asset-backed securities are a type of debt securities such as bonds or notes whose value and income payments are derived from an underlying pool of assets held by the issuer. The underlying pool of assets is referred to as 'collateral'. The Fund may hold bonds and notes with various types of collateral, but some examples include residential mortgages, commercial mortgages, consumer loans, car loans, credit card loans, student loans and corporate loans, such bonds will not embed any leverage.

Investment Grade Bonds The Fund will invest at least 70% of its net assets in bonds with a credit rating which is deemed to be 'investment grade', defined as meeting one or more of the following rating criteria: Baa3 or higher by Moody's Investor Services (Moody's); BBB- or higher by Standard & Poor's Rating Services (S&P) or Fitch Ratings Inc (Fitch). If the Fund is invested in any bond which is subsequently downgraded below these minimum investment ratings, the Investment Manager may in its discretion continue to deem those bonds as Investment Grade for a period of up to nine months after such downgrade.

The Fund will invest predominantly in bonds or notes issued by issuers located within Europe, but may also invest in bonds or notes issued by issuers located outside Europe. The Fund will invest in assets denominated both in Euros and in other currencies. Where non-Euro denominated assets are held, the Investment Manager will seek to hedge the associated currency risk back to Euros.

Most of the assets are publicly listed/traded on Markets with an active secondary market predominantly within Europe (see Schedule 1 for a list of Markets). The Fund may invest up to 10% of its Net Asset Value in unlisted transferable securities.

The debt securities held by the Fund may be fixed or floating rate.

A maximum of 10% of the Fund's net assets may be invested in units or shares of other collective investment schemes which offer exposure to bonds or notes issued predominantly within Europe.

The Fund will be broadly diversified by collateral type and issuer. The composition of assets in the Fund are subject to change as the market for asset backed securities evolves. No issuer will represent more than 10% of the Fund's net assets at any time.

The Investment Manager will actively select countries and markets in which to invest based on its view of macroeconomic environment (including, but not limited to, interest rate developments, economic growth expectations and monetary and fiscal developments) and how this might affect issuers, collateral types and ratings within those markets. Individual bonds within those countries and markets predominantly within Europe are then selected based on analysis of their fundamentals (for example the performance expectations and the credit risk of the underlying collateral), valuation (relative values of the bond compared to levels of comparable bonds and analysis of projected yields), technical (for example the supply and demand factors affecting the bond and the risk of the bond's rating being downgraded) and sentiment (for example the appetite for risk generally in the market and the perceived risk of the relevant bond and/or issuer). Scenario analysis (analysing portfolios in different market circumstances and economic environments) and stress testing are used to evaluate the performance of potential investments.

Financial Derivative Instruments

The Fund may invest in financial derivative instruments (**FDIs**) only for the purposes of Efficient Portfolio Management (**EPM**).

Permitted EPM transactions are transactions in FDIs dealt in or traded on an eligible derivatives market; futures, or forward currency transactions which are traded OTC. For example, the Fund may use forward currency transactions to hedge foreign exchange and bond futures to hedge interest rate risk.

Any forward transactions must be with an approved counterparty (eligible institutions, money market institutions or other counterparties with which a UCITS may contract etc.) and in accordance with the requirements of the Central Bank.

There is no limit on the amount of the assets which may be used for EPM. In addition to the foregoing, the transactions must satisfy three broadly-based requirements:

- EPM may not include speculative transactions.
- Transactions for EPM purposes must be economically appropriate.
- The purpose of an EPM transaction for the Fund must be to achieve one of the following in respect of the Fund:
    - Reduction of risk
    - Reduction of cost
    - The generation of additional capital or income for the Fund with no, or an acceptably low level of, risk.

Each EPM transaction must be covered globally i.e. there must be adequate cover from within the assets held by the Fund to meet the Fund's total exposure, taking into account the value of the underlying assets, any reasonably foreseeable market movements, counterparty risk and the time available to liquidate any positions. The global exposure may not exceed the Net Asset Value of the Fund. Assets and cash can be used only once for cover.

They cannot result in a change to the Fund's investment objective or add substantial supplementary risks in comparison to the risks relative to the Fund identified in the Prospectus and this Supplement.

The use of FDIs for the purpose of EPM is not otherwise expected to raise the risk profile of the Fund or result in higher volatility.

Specific FDI

Below are the details of the FDIs in which the Fund may utilise for EPM. The underlying assets of these FDIs will be one of the asset classes referred to above in this **Investment Policies** section.

Interest Rate Futures

An interest rate future is a contract between the buyer and seller agreeing to the future delivery of any interest-bearing asset. The interest rate future allows the buyer and seller to lock in the price of the interest-bearing asset for a future date. Generally, the underlying assets of the futures contracts will be the bonds and notes described in the Fund’s Investment Policy.

Interest rate futures contracts allow the Fund to hedge against interest rate risk. Since these contracts are marked-to-market daily, investors can, by closing out their position, exit from their obligation to buy or sell the underlying assets prior to the contract’s delivery date. The Investment Manager may enter into interest rate futures contracts in order to both hedge and more efficiently manage the Fund.

Futures will only be used for the purposes of EPM. The Fund will only use interest rate exchange traded futures.

Forwards

The Fund may buy and sell currencies on a spot and forward basis, subject to the limits and restrictions adopted by the Central Bank from time to time to reduce the risks of adverse changes in exchange rates and efficiently manage currency exposure. In forward foreign exchange contracts, the contract holders are obligated to buy or sell from another counterparty a specified amount of one currency at a specified price with another currency on a specified future date. Forward contracts may be cash settled between the parties. This reduces the Fund's exposure to changes in the value of the currency it will deliver and increases its exposure to changes in the value of the currency it will receive for the duration of the contract. The effect on the value of the Fund is similar to selling securities denominated in one currency and purchasing securities denominated in another currency. A contract to sell currency would limit any potential gain, which might be realised if the value of the hedged currency increases. These contracts cannot be transferred but they can be 'closed out' by entering into a reverse contract. Suitable hedging transactions may not be available in all circumstances and there can be no assurance that the Fund will engage in such transactions at any given time or from time to time. Also, such transactions may not be successful and may eliminate any chance for the Fund to benefit from favourable fluctuations in relevant foreign currencies. The commercial purpose of a forward foreign exchange contract may include, but is not limited to, altering the currency exposure of securities held, hedging against exchange risks, increasing exposure to a currency and shifting exposure to currency fluctuations from one currency to another. Currency forwards are transacted over-the-counter (**OTC**).

Other Information

The use of FDIs will be fully supported by a risk management process (RMP) to ensure that the use of FDIs continue to be commensurate with the overall investment objectives of the Fund.

The Fund must at any time, be capable of meeting all of its payment and delivery obligations incurred in respect of its FDI transactions.

The global exposure of the Fund (which will be measured using the commitment approach) under normal circumstances is not expected to exceed 50% of Net Asset Value. It is possible that there may be higher leverage levels from time to time during abnormal market conditions and, for example at times when there is low volatility, but global exposure through use of derivatives will not exceed 100% of the Fund's Net Asset Value.

The collateral management policy of the ICAV is set out in the Prospectus.

4. EFFICIENT PORTFOLIO MANAGEMENT – REPO TRANSACTIONS

The Fund may enter into repurchase and reverse repurchase agreements ("repo transactions") for the purposes of efficient portfolio management in accordance with the investment restrictions, conditions and limits laid down by the Central Bank.

Direct and indirect operational costs and fees incurred in the use of these techniques may be deducted from the revenue delivered to the Fund from the use of such techniques. All revenue from these techniques, net of direct and indirect operational costs, will be returned to the Fund. These costs and fees shall be charged at normal commercial rates and shall not include hidden revenue. The Investment Manager does not receive costs or fees for techniques of this type. The entities to which such costs and fees are paid (including whether such entities are related to the Investment Manager or the Depositary) will be disclosed in the annual report.

5. SECURITIES FINANCING TRANSACTIONS

The Fund may engage in repo transactions or stocklending transactions (**Securities Financing Transactions**) in order to meet its investment objective to generate income for the benefit of the Fund. The assets that can be subject to Securities Financing Transactions are the assets described in the investment policy. It is anticipated that the expected proportion of assets under management (AUM) subject to Securities Financing Transactions will be less than 5% AUM and the maximum expected proportion of AUM subject to Securities Financing Transactions shall not exceed 100% AUM. Further details in respect of Securities Financing Transactions are set out under the heading "**Efficient Portfolio Management – Securities Financing transactions: Stocklending, Repurchase**

Agreements and Reverse Repurchase Agreements". The re-use of collateral is not permitted by the Fund.

6. INVESTMENT RESTRICTIONS

The general investment restrictions set out under the heading **FUNDS - Investment Restrictions** in the Prospectus shall apply to the Fund.

7. SHARE CLASS CURRENCY HEDGING

The Base Currency of the Fund is Euro.

Different classes of shares are available for subscription in the Fund, as set out in Section 11.

The ICAV, at its absolute discretion, has the power to issue currency hedged Share classes in the Fund. The non-Euro classes referred to as "hedged" in Section 11 will be currency hedged Share classes. For such Share classes, the Investment Manager intends to hedge the currency exposure of those Share classes denominated in a currency other than the Base Currency of the Fund, in order to attempt to mitigate the effect of fluctuations in the exchange rate between the Share class currency and the Base Currency. This is 'Method 1 (Base Currency Hedging)' of share class currency hedging, as explained in the Prospectus in section 3.9.2 under the heading 'Hedged and Unhedged Share Classes'.

The costs of providing hedged Share classes and all other additional costs and gains/losses of such hedging transactions will accrue solely to the holders of the relevant Share class and shall not form part of the assets of the Fund or constitute a liability of the Fund. Any such hedging will endeavour to hedge no less than 95% of the net assets of the relevant Share classes. Due to matters outside the control of the ICAV, currency exposure may be over or under hedged but over hedged positions will not be permitted to exceed 105% of the net assets of the relevant Share class. Hedged positions will be kept under review to ensure that over hedged positions will not be permitted to exceed 105%. Such review will incorporate a procedure to ensure that positions materially in excess of 100% will not be carried forward month to month.

Investors in hedged Share classes should be aware that the exchange rate used for the purpose of converting the proceeds of their investment to or from the Base Currency is likely to be the rate prevailing at the time the necessary currency hedging contracts are put in place which means that this exchange rate risk is borne by those transacting investors rather than by the other investors in the Fund.

This currency hedging policy aims to limit any potential currency risk linked to the value of the Base Currency falling against the currency in which the hedge Share classes are denominated. On the other hand, as well as incurring the cost of such hedging transactions, holders of the hedged Share classes will sacrifice the potential gain should the value of the hedged currency fall against the Base Currency.

This Section should be read in conjunction with the section entitled **Funds - Hedged and Unhedged Share Classes** in the Prospectus.

8. BORROWINGS

In accordance with the general provisions set out in the Prospectus under the heading **FUNDS - Borrowing and Lending Powers** the Fund may borrow up to 10% of its net assets on a temporary basis.

9. RISK MANAGEMENT

The ICAV on behalf of the Fund employs a RMP which helps it to accurately measure, monitor and manage the various risks associated with FDIs. The ICAV will, on request, provide supplementary information to Shareholders relating to the risk management methods employed, including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments.

The Fund will only utilise FDIs which have been included in the RMP report that has been cleared by the Central Bank.

10. RISK FACTORS

Investment in the Fund carries with it a degree of risk including, but not limited to, the risks described in the "Investment Risks" section of the Prospectus and those referred to below. These investment risks are not purported to be exhaustive and potential investors should review the Prospectus and this Supplement carefully and consult with their professional advisers before making a subscription request for Shares.

The general risk factors set out under the heading **RISK FACTORS** section of the Prospectus apply to the Fund. In addition, the following risk factors apply to the Fund:

10.1. General Instrument Risk

The following risks may apply to investments made in both private and public debt and FDIs in these asset classes.

The value of the Fund's assets may be affected by uncertainties such as changes in government policies, taxation, currency repatriation restrictions and other developments in the law or regulations of the countries in which the Fund may invest.

10.2. Objective Risk

There can be no assurance that the Fund will achieve its investment objective. An investor should consider his personal tolerance for an investment based upon fixed income securities before investing in the Fund.

The investments of the Fund will be subject to market fluctuations, currency fluctuations, custody and settlement risks, registration risk and foreign exposure risk.

10.3. Asset-Backed Securities

The value of an asset-backed security can be affected by various factors, including: (i) changes in the market's perception of the pool of underlying assets (or collateral) backing the security; (ii) economic and political factors such as interest rates and levels of unemployment and taxation, which can have an impact on repayments and default rates on the collateral; (iii) changes in the market's view of the creditworthiness of the issuer; and (iv) the speed at which loans which form the collateral are repaid.

Asset-backed securities that are not backed by mortgages present certain risks that are not presented by mortgage-backed securities. Primarily, these securities may not have the benefit of the same security interest in the underlying collateral. Credit card receivables, for example, are generally unsecured. Therefore, there is a possibility that recoveries on defaulted collateral may not, in some cases, be available to support payments on these securities.

The investment characteristics of asset-backed securities differ from traditional debt securities. Among the major differences are that interest and principal payments are made more frequently, very often monthly or quarterly, and that principal may be prepaid at any time because the underlying loans may often be prepaid at any time.

Investments in subordinated asset-backed securities involve greater credit risk of default than the more senior class(es) of the issue or series.

10.4. Liquidity Risk

The secondary market for sub-investment grade bonds is typically much less liquid than the market for investment grade bonds, frequently with significantly more volatile prices and larger spreads between bid and asked price in trading. At times the sub-investment grade bond market will be very illiquid. The Fund may have to sell holdings of such bonds at unfavourable prices in order to raise proceeds to pay for redemptions of Shares. Illiquid securities may be difficult to resell at approximately the price they are valued in the ordinary course of business in seven days or less. When investments cannot be sold readily at the desired time or price, a Fund may have to accept a lower price or may not be able to sell the security at all, or may have to forego other investment opportunities, all of which may have an impact on the Fund.

10.5. **Credit Risk**

The Fund is subject to credit risk in respect to its investments and with regard to its contractual counterparties (such as hedge providers). The Fund intends to mitigate credit risk generally by pursuing a diversified investment strategy. This may be achieved through investments in a number of debt asset classes that naturally involve a diversification of credit risk or through diversifying its issuer exposure but there is no guarantee that this will be achieved.

10.6. **Interest Rate Risk**

The Fund's exposure to market risk is mainly with regard to movements in the value of its investments, changes in interest rates that in the event the Fund makes any fixed interest investments, may decrease its net interest income. In the event of a general rise in interest rates, the value of certain investment in the Fund's assets may fall, reducing the net asset value of the Fund.

Changes in interest rates may adversely affect the market value of some of the Fund's investments. Declining interest rates may affect the return on available reinvestment opportunities.

Fluctuation in rates may affect interest rate spreads in a manner adverse to the Fund. The Fund's interest rate exposure will reflect the Investment Manager's opinion on the future path of interest rates but there is no guarantee that this will be successful. Interest rates are highly sensitive to factors beyond the Fund's control, including, among others, government monetary and tax policies, and domestic and international economic and political conditions.

10.7. **Yield Risk**

Investments in fixed income securities entail certain risks including adverse income fluctuation associated with general economic conditions affecting the fixed income securities market, as well as adverse interest rate changes and volatility of yields. When interest rates decline, the market value of the Fund's fixed income securities can be expected to rise. Conversely, when interest rates rise, the market value of the Fund's fixed income securities can be expected to decline.

10.8. **Foreign Exchange Risk**

Changes in rates of exchange may have an adverse effect on the net asset value of the Fund. In addition a change in foreign currency exchange rates may adversely affect cash flows or income from investments which are denominated in currencies other than the Base Currency, which could in turn adversely affect the Fund's ability to pay dividends. Foreign exchange investment and hedging strategies that may be employed to manage such risks might not be successful.

10.9. **Hedging Costs relating to Foreign Exchange Risk**

The value of certain of the investments may be expressed in a currency other than the currency of the Shares, creating a risk that movements in the exchange rate between the two currencies may adversely affect the value of the Investments. The Investment Manager may hedge this risk on a notional basis. The costs of this hedging will be deducted from the assets of the Fund and so will affect the Net Asset Value of the Shares.

10.10. **Legal and/or Regulatory Risk**

Legal and Regulatory (including taxation) changes could adversely affect the Fund. Regulation (including taxation) of investment vehicles such as the Fund is still evolving and therefore subject to change. In addition, many governmental agencies, self-regulatory organisations and exchanges are authorised to take extraordinary actions in the event of market emergencies. The effect of any future legal or regulatory (including taxation) change on the Fund is impossible to predict, but could be substantial and have adverse consequences on the rights and returns of Shareholders.

10.11. **Investment Grade and Government Bonds**

Investment grade assets must have a minimum credit rating meeting one or more of the following rating criteria: Baa3 or higher by Moody's Investor Services (Moody's); BBB- or higher by Standard & Poor's Rating Services (S&P) or Fitch Ratings Inc (Fitch); or, in the case of unrated bonds, those deemed to have an equivalent rating by the Investment Manager.

Although these assets exhibit these minimum ratings or higher, their respective credit ratings may range widely and may vary over time. In particular, where such credit ratings are at the lower end of the range, the obligors of such assets may face uncertainties and exposure to adverse business, financial, or economic conditions. This could lead to them being unable to meet their financial commitments despite their being regarded as issuers of **investment grade** debt.

In addition, it is possible that investment grade assets may be subordinated or junior in the capital structure, (have a lesser priority than that of an additional debt claim on the same asset). In the event of default holders of subordinated debt get paid after the holders of the **senior debt**. Subordinated debt has a higher expected rate of return than senior debt due to the increased inherent risk.

10.12. **Default Risk**

Investments in fixed income securities, are subject to the risk that the issuer could default on its obligations and the Fund could sustain losses on such investments. The Fund will seek to limit such risks by credit research and careful securities selection but there can be no assurance that the Fund will not acquire securities with respect to which the issuer subsequently defaults.

10.13. **Conflicts of Interest**

The Fund will rely on the Investment Manager in implementing its investment strategies. The Directors have determined the Investment Policies of the Fund as set out herein and the Investment Manager will monitor the performance of such investments on an ongoing basis. Investors must rely on the judgement of the Directors in determining to invest in the manner set out herein. The Investment Manager and its principals and affiliates will devote a portion of their business time to the Fund's business. In addition, where valuations are provided by the Investment Manager there is a possible conflict of interest where their fees are based on or affected by the Net Asset Value of the Fund. Any conflicts of interest will be resolved fairly.

10.14. **Limited Number of Investments Risk**

The Fund anticipates that it will be well diversified. However, in the event of a material demand for redemptions, the Fund could be forced to sell liquid positions resulting in an over-weighting in a small number of illiquid investments. In such circumstances, the aggregate return of the Fund may be substantially and adversely affected by the unfavourable performance of a single investment. The Fund's restriction of repurchases of Shares in excess of 10% of the total Net Asset Value of the Fund on any one Dealing Day will help to mitigate this risk to an extent should these circumstances arise.

10.15. **Default of Service Provider Risk**

The Fund relies on services provided by a number of third parties. The bankruptcy or liquidation of any such third parties, including the Investment Manager or the Depositary may have an adverse impact on the performance of the Fund and its Net Asset Value.

10.16. **Limited Disposal Rights Risk**

There will be no secondary market for Shares of the Fund and transfers of Shares are only permitted to those persons who satisfy the criteria for permitted shareholders. Consequently, investors may be able to dispose of their Shares only by requesting the Fund to repurchase their Shares on a Dealing Day.

10.17. **Taxation Risk**

A risk exists that the tax authorities in countries in which the Fund invests may not be prepared to permit persons in their jurisdictions to pay interest (or other amounts) to the Fund (or its subsidiary if any is used) without the imposition of withholding tax in that foreign jurisdiction. Any such withholding tax will impinge upon the return payable by the Fund to investors.

10.18. **Potential Involvement in Litigation Risk**

As a result of the Fund's investment in below investment grade investments and as a consequence of credit problems with such investment and the possibility that the Fund may participate in restructuring activities undertaken by a company (in which it has invested) of its debt obligations including those owed to the Fund, it is possible that the Fund may become involved in litigation. Litigation entails expense and the possibility of counterclaims against the Fund and ultimately judgments may be rendered against the Fund for which the Fund may not carry insurance.

10.19. **Valuations of Net Asset Value Risk**

The valuation of the Fund's assets obtained for the purpose of calculating Net Asset Value may not be reflected in the prices at which such assets are sold. For details of the valuation of assets, please see the section in the Prospectus headed "Valuation of Assets".

10.20. **Political Legal and/or Regulatory Risks**

The value of the assets of the Fund may be adversely affected by uncertainties, such as international political and economic developments, changes in market conditions, government policies or in legal, regulatory or taxation requirements or an unexpected application of a law or regulation, or because contracts are not legally enforceable or documented correctly.

10.21. **FDI Risks**

The prices of FDIs, including futures are highly volatile. There is a general risk that the value of a particular FDI may change in a way which may be detrimental to the Fund's interests and the use of FDI techniques may not always be an effective means of, and sometimes could be counter-productive to, the Fund's investment objective. Price movements of forward contracts, futures contracts and other FDI contracts are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. As a result of using FDIs for EPM, there is a risk that, in a rising market, potential gains may be restricted.

The use of these techniques and instruments involves certain risks, including:

a) dependence on the ability to predict movements in the prices of securities being hedged and movements in interest rates;

b) imperfect correlation between the price movements of the FDI and price movements of related instruments;

c) the fact that skills needed to use these instruments are different from those needed to select the securities owned by the Fund;

d) the possible absence of a liquid market for any particular instrument at any particular time which may result in possible impediments to effective portfolio management or the ability to meet redemptions;

e) the Fund may invest in certain FDI which may involve the assumption of obligations as well as rights and assets; and

f) assets deposited as margin with brokers may not be held in segregated accounts by the brokers and may therefore become available to the creditors of such brokers in the event of their insolvency or bankruptcy.

10.22. **OTC Transactions Risk**

Where the Fund acquires or values securities on over-the-counter markets, there is no guarantee that the Fund will be able to realise such securities at a premium due to the nature of the over-the- counter market and the tendency to have limited liquidity and comparatively high price volatility.

10.23. **Counterparty Risk**

The Fund may have credit exposure to counterparties by virtue of investment positions in forward exchange rate and other contracts held by the Fund. To the extent that a counterparty defaults on its obligation and the Fund is delayed or prevented from exercising its rights with respect to the investments in its portfolio, it may experience a decline in the value of its position, lose income and incur costs associated with asserting its rights. The Investment Manager may engage in various portfolio strategies on behalf of the Fund through the use of futures. Due to the nature of futures, cash to meet margin monies may be held by a broker with whom the Fund has an open position. In the event of the insolvency, bankruptcy or default of the broker, there can be no guarantee that such monies will be returned to the Fund.

10.24. **Settlement Risk**

The counterparty to a Fund may fail to deliver the terms of a contract at the time of the settlement. Settlement risk can be risk associated with default at settlement and any timing differences in settlement between two parties.

10.25. **Correlation Risk**

The Fund may utilise forward contracts to seek to hedge against fluctuations in the relative values of the Fund's portfolio positions as a result of changes in currency exchange rates and market interest rates. Hedging against a decline in the value of portfolio positions does not eliminate fluctuations in the values of portfolios positions nor does it prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the positions' value. Such hedge transactions also limit the opportunity for gain if the value of the portfolio positions should increase. Moreover, it may not be possible for the Fund to hedge against any exchange rate or interest rate fluctuation which is so generally anticipated that the Fund is not able to enter into a hedging transaction at a price sufficient to protect the Fund from the decline in value of the portfolio position anticipated as a result of such a fluctuation.

10.26. **Basis Risk**

FDI value may not track the underlying notional asset. This is only relevant if the instrument is traded prior to maturity.

10.27. **Specific Instrument Risks**

10.27.1. **Futures**

Transactions in futures involve the obligation to make, or to take, delivery of the underlying asset of the contract at a future date, or in some cases to settle the Fund's position with cash. They carry a high degree of risk. The gearing or leverage often obtainable in futures trading means that a small deposit or down payment can lead to large losses as well as gains. It also means that a relatively small market movement can lead to a proportionately much larger movement in the value of the Fund's investment, and this can work against the Fund as well as for the Fund. Futures transactions have a contingent liability, and investors should be aware of the implications of this, in particular the margining requirements.

10.27.2. **Forwards**

A forward is a contract between two parties agreeing that at a certain time in the future one party will deliver a pre-agreed quantity of some underlying asset (or its cash equivalent in the case of non-tradable underlyings) and the other party will pay a pre-agreed amount of money for it. This amount of money is called the forward price. Once the contract is signed, the two parties are legally bound by its conditions: the time of delivery, the quantity of the underlying and the forward price. Forward contracts are instruments traded OTC. Performance may be strongly influenced by movements in foreign exchange rates because currency positions held by the Fund may not correspond with the securities positions held.

11. DIVIDEND POLICY

It is the current intention of the Directors to declare dividends for the Income Share classes on a quarterly basis on the last Business Days of July, October, January and April. Dividends shall be declared out of the accumulated revenue (consisting of all revenue accrued including interest and dividends) less any applicable expenses. The Directors currently intend to pay dividends equal to substantially all of the income arising to the Income Share classes. Any such dividend in relation to the Income Share classes will be paid out of income arising indirectly from its holdings in investments and from any other income that may accrue to the Fund. Dividends will be paid by telegraphic transfer within two months of the relevant declaration date.

The Fund will operate grouping for equalisation with respect to Income Shares. Each will operate its own equalisation account. Shares purchased during a distribution period are called Group 2 Shares. Shares purchased during any previous distribution period are called Group 1 Shares. Group 2 Shares contain in their purchase price an amount called equalisation which represents a proportion of the net income of the Fund that has accrued up to the date of purchase. The amount of equalisation is averaged across all the Shareholders of Group 2 Shares and is refunded to them as part of their first distribution. It may be treated as a return of capital for tax purposes.

Each holder of Income Shares has the option to take dividends in cash or to reinvest in the relevant Fund by the allotment of additional Shares at Net Asset Value per Share provided that no Preliminary Charge will be payable on any Shares so allotted of the Fund. The Fund's default position unless specifically advised on the Application Form will be to reinvest dividends into the Shares of the Fund. Those Shareholders wishing to have their distribution of income automatically paid in cash should elect for such method when completing the Application Form. Payment will be made by telegraphic transfer to an account in the name of the Shareholder within 2 months of the declaration date. Distributions not claimed within six years from their due date will lapse and will revert to assets of the Fund.

Accumulation Shares of any class may at the discretion of the Directors be issued on the basis that no dividends will be declared in respect of those Shares and that any income available for distribution will form part of the assets of the Fund and will be applied when calculating the subscription price and the repurchase price as part of the proportion of the Fund which is attributable to the holders of that class of Shares.

This section should be read in conjunction with the section entitled **Dividend Policy** in the Prospectus.

12. PROFILE OF A TYPICAL INVESTOR

The Fund is designed for retail and institutional investors seeking pooled exposure to the investment grade Asset-backed security market and who are comfortable with a medium level of investment risk. It is expected that the Fund will be held by investors as part of a diversified portfolio which may include other assets such as bonds, equities, property and cash. Share prices will fluctuate and may fall significantly in value. It is important to understand that the fund should be viewed as a medium to long term investment.

13. KEY INFORMATION FOR BUYING AND SELLING

Base Currency

The Base Currency of the Fund is Euro.

Shares available for subscription

Shares of the Fund are currently available for subscription in the following denominations:

Share Class	Currency	Accumulation / Income	Hedged / Unhedged
Class A, Class B, Class I, Class K, Class Z	Euro, US Dollar, Sterling*, Swiss Franc	Accumulation, Income	Hedged**, Unhedged

**Class Z Shares are not available in Sterling.*

***Share classes denominated in Euro are not available as currency hedged Share classes.*

Minimum Investment Levels in respect of Class I Shares only

Minimum investment limit	EUR 1,000,000 (or equivalent in US Dollars, where applicable)
Minimum additional investment amount	N/A
Minimum residual holding	EUR 1,000,000 (or equivalent in US Dollars, where applicable)

The Directors may waive such minimum investment levels in their absolute discretion.

Minimum Investment Levels in respect of Class K Shares only

Minimum investment limit	EUR 20,000,000 (or equivalent in US Dollars, where applicable)
Minimum additional investment amount	N/A
Minimum residual holding	EUR 20,000,000 (or equivalent in US Dollars, where applicable)

The Directors may waive such minimum investment levels in their absolute discretion.

Class A Shares

Class A Shares are available for all type of investors. The Share class is available in certain countries, subject to the relevant regulatory approval, through specific Distributors, selected by the Directors

Class B Shares

Class B Shares are available for all type of investors. The Share class is available through specific Distributors in the framework of the services they provide, where the acceptance of retrocession fees is not allowed according to regulatory requirements or based on contractual arrangements with their clients. Class B Shares are Share classes on which the ICAV will not pay distribution fees.

Class I Shares

Class I Shares are available for institutional investors. For this Share class a minimal initial investment amount applies to ensure that the investors are institutional. The possession, redemption and transfer of institutional classes of Shares is limited to institutional investors, as described in the Prospectus. As at the date of this Supplement, the following investors are classified as institutional investors: pension funds, insurance companies, credit institutions, collective investment undertakings and other professional institutions of the financial sector. Credit institutions and other professionals of the financial sector investing in their own name but on behalf of another party on the basis of a discretionary management relationship are also considered as institutional investors, even if the third party on behalf of which the investment is undertaken is not itself an institutional investor. If it appears that institutional classes of Shares are being held by retail investors, the ICAV will redeem theses Shares.

Class K Shares

Class K Shares are only available for institutional investors who have entered into a suitable agreement with the Investment Manager. The ultimate decision whether an institutional investor qualifies for Class K Shares is at the discretion of the Directors of the ICAV. For these Share classes a minimal initial investment amount applies to ensure that the investors are institutional.

Class Z Shares

Class Z Shares are only available for collective investment schemes, investment structures which are (co-)managed and/or (sub)advised by members of the Aegon group or Institutional investors that are part of the Aegon group. The ultimate decision whether an institutional investor qualifies for the Class Z Shares is at the discretion of the Directors of the ICAV.

Initial Offer Period

The Initial Offer Period for each unlaunched Share class will commence at 09:00 (Irish time) on 23 July 2019 and they will continue to be available for subscription at the Initial Issue Price, as set out below, until 17:00 (Irish time) on 22 January 2020. The Initial Offer Period of each Share class may be extended or shortened as the Directors may determine and any change will be notified to the Central Bank. After the Initial Offer Period of each Share class, Shares in each class will be available for subscription at the Net Asset Value per Share.

Initial Issue Price

The Initial Issue Price per Share is:

Euro Classes	EUR 10
USD Classes	USD 10
Sterling Classes	GBP 10
Swiss Franc Classes	CHF 10

Minimum Fund Size

Means EUR50 million (or such other amount as the Directors may determine).

Business Day

Any day (except Saturday or Sunday) on which the banks or the stock exchange in both Ireland and the Netherlands are open generally for business, or such other day as the Directors may, with the consent of the Depositary, determine and notify to Shareholders in advance.

Dealing Day

The Fund shall be open to dealing on every Business Day.

Dealing Deadline

In respect of a Dealing Day, the Dealing Deadline for Subscriptions or Redemptions is defined as 13:00 GMT on the relevant Dealing Day or such other day or time as the Directors may determine in exceptional circumstances provided it is prior to the relevant Valuation Point.

Settlement Date

Subscription monies must be received by and generally payment for Shares redeemed will be effected by the Second (2) Business Day falling after the Dealing Day on which the redemption request is received. However, the ICAV may, at its absolute discretion, refuse to satisfy a redemption request or make any other payment to a Shareholder or at the direction of a Shareholder if such payment would result in a breach of the guidelines in operation from time to time in relation to the detection and prevention of money laundering. Redemption proceeds will be paid in the currency of the relevant Share class.

Preliminary Charge

The ICAV may levy an initial charge of up to 5% of the Net Asset Value per Share in connection with the subscription of Class A Shares. This fee will be retained for the benefit of the Distributor. The Distributor may, at its sole discretion and in accordance with applicable laws and regulations, (i) pay commission to financial intermediaries including but not limited to sub-distributors, intermediaries, advisers and introducing agents who refer and/or advise prospective investors out of the initial charge and/or (ii) waive the initial charge for certain prospective investors based on factors deemed appropriate by the Distributor. There is no preliminary charge payable on the Class B Shares, Class I Shares, Class K Shares or Class Z Shares.

Exchange Charge

The Directors reserve the right at their sole discretion, to impose an exchange fee of up to 1.5% of the total repurchase price of the Shares in respect of an exchange of Shares held in one class for Shares in another class but such fee is charged only if exchanges are in excess of 5 in a calendar year.

Repurchase Charge

A repurchase charge of up to 3% of the repurchase price may be charged at the discretion of the Investment Manager. The Investment Manager may waive the repurchase charge in whole or in part.

Anti-Dilution Adjustment

To preserve the value of the underlying assets and to cover dealing costs, when there are net subscriptions or redemptions, an Anti-Dilution Adjustment may be applied by the Directors, in consultation with the Investment Manager, at their discretion of up to a maximum of 1% of the Issue Price or the Redemption Price as appropriate. Any such adjustment shall be retained for the benefit of the Fund.

Valuation Point

Shall mean 23:00 (GMT) on each Dealing Day.

14. FEES AND EXPENSES

This section should be read in conjunction with the section entitled Fees and Expenses in the Prospectus.

Investment Manager Fees

The fee payable to the Investment Manager will be no more than 1.5% per annum of the Net Asset Value of the Fund (plus VAT, if any).

Such fee shall be accrued daily and payable monthly in arrears. The Investment Manager shall also be entitled to be reimbursed out of the assets of the Fund for reasonable out-of pocket expenses incurred by the Investment Manager in the performance of its duties.

The Investment Manager may agree at its discretion to rebate a portion of the Investment Management Fee with respect to certain Shareholders' investment in the Fund. Any such rebate or reduction will not entitle other Shareholders to a similar rebate.

Distribution Fee

In addition to the preliminary charge that may be paid to the Distributor as referred to above, the fee payable to the Distributor for its services in the distribution of Shares of the Fund shall not exceed 1% per annum of the Net Asset Value attributable to the Class A Shares. The Distributor may, at its sole discretion and in accordance with applicable laws and regulations, (i) pay commission to financial intermediaries including but not limited to sub-distributors, intermediaries and advisers who refer and/or advise prospective investors out of the Distributor's fee as set out above and/or (ii) rebate the Distribution Fee for certain prospective investors based on factors deemed appropriate by the Distributor. Where taken, this fee shall be accrued daily and payable monthly in arrears.

Service Fee

The Fund will also incur an annual service fee of the Net Asset Value of the Fund which reflects all remaining expenses as follows:

Unless otherwise specified in the Prospectus, such fees shall be accrued daily and shall be payable monthly in arrears.

(a) Administration Fee

The fee payable to the Administrator for the administration services provided to the Fund shall not exceed 0.2% per annum (plus VAT, if any) of the net asset value of the Fund. In addition, the fee payable to the Administrator for its role as registrar and transfer agent to the Fund will not exceed 0.1% per annum (plus VAT, if any) of the net asset value of the Fund.

The Administrator shall also be entitled to be reimbursed their reasonable out-of-pocket expenses, payable out of the assets of the Fund (plus VAT, if any).

(b) Depositary Fee

The fee payable to the Depositary, for custodial services provided to the ICAV, will not exceed 0.1% per annum (plus VAT, if any) of the net asset value of the Fund.

The Depositary will also be entitled to any out-of-pocket expenses incurred (including any transaction charges or Delegate or Sub-Delegate fees at normal commercial rates).

(c) Other fees and expenses

The Fund will also incur other fees and expenses (please see the section **Fees and Expenses** in the Prospectus for further details).

Please note the provisions in the Prospectus (in the section entitled **Fees and Expenses**) regarding the charging of initial expenses to the Fund.

15. REPORTS TO SHAREHOLDERS

The accounting date of the ICAV and the Fund is 31 December. The half yearly accounting date is 30 June.

The ICAV publishes an annual report incorporating audited financial statements in respect of each Accounting Period. In addition the ICAV publishes a semi-annual unaudited financial report in respect of each half-yearly accounting period.

The annual and semi-annual reports will be sent to shareholders within four months and two months respectively of the periods to which they relate.