Aegon European Government Bond Fund

Supplement to the Prospectus dated 9 September 2016 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 Government Bond Fund (the **Fund**), a sub-fund of Aegon Asset Management Europe ICAV (the **ICAV**) an umbrella type open-ended Irish collective asset-management vehicle with variable capital governed by the laws of Ireland and authorised by the Central Bank of Ireland (the **Central Bank**). The ICAV has seven other sub-funds in existence as at the date of this Supplement:

(1) Aegon Euro Credits Fund;

(2) Aegon European ABS Fund:

(3) Aegon European High Yield Bond Fund;

(4) Aegon US High Yield Bond Fund; and

(5) Aegon Emerging Markets Debt Fund

This Supplement forms part of and should be read in conjunction with the Prospectus dated 9 September 2016 (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.

An investment in the Fund should not constitute a substantial proportion of the investment portfolio and may not be appropriate for all investors.

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: **18 September 2017**

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1. INVESTMENT OBJECTIVE

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

2. INVESTMENT POLICIES

The Fund will seek to achieve its investment objective by investing at least 67% of its net assets directly or indirectly, in government bonds and government related bonds such as municipalities, supra-national organisations (fixed and/or floating rate) of countries belonging to the European Union and in countries in the process of negotiating accession to the European Union with the European Commission (such as Bosnia and Herzegovina, Serbia and Turkey). The Investment Manager aims to add value by active selection of the weighted average life of bonds (average length of time until repayment of the principle invested) and specific bonds in the portfolio as well as active selection of issuers, issues, countries, sectors, ratings and maturity buckets (the date on which the relevant instrument will mature). All active selections are based on the outcome of top-down and bottom-up research in which government bond markets are assessed along the lines of four dimensions: fundamentals (assessment of economic cycle and monetary policy), valuation (valuation of government bond markets), technical (assessment of technical indicators of the government bond market like interest rates, curves) and sentiment (investor positioning, risk aversion and political developments). Investments will not be made by the Investment Manager if the Investment Manager's aim will not be met following the top-down and bottom-up research and assessment based on the four dimensions.

All government bonds and government related bonds held will be denominated either in Euro or in the currency of another European country which is not a member of the Euro. Non-Euro denominated assets are the result of investments in European countries not having the Euro as a base currency like the United Kingdom, Sweden, Denmark, etc. as described earlier. Where non-Euro denominated assets are held, the Investment Manager will seek to hedge the associated currency risk back to Euros. The currency risk is hedged to the euro, using a hedge ratio between 95% and 105% of the total fund assets.

The Fund may invest in government bonds and government related bonds from developed countries, inflation-linked bonds, private placements (instruments that are structured as debt securities which may contain restrictions on the debt securities sale to a third party) and liquid assets such as cash and/or cash-like securities (such as, for example, UK gilt-edged securities or money market instruments). The Fund may hold the following financial derivative instruments (**FDI**), single name credit default swaps (**CDS**), interest rate options, interest rate swaps, fixed income futures, inflation swaps, asset swaps, currency swaps, forward currency contracts and repurchase agreements. In accordance with the requirements of the UCITS Regulations, the Fund may also hold cash positions. Where the Fund engages in swap transactions, the counterparty to such transactions shall have a minimum credit rating of BBB (or equivalent) from Standard & Poor’s, Moody’s, Fitch or a comparable internationally recognised rating agency.

The Fund will invest in government bonds and government related bonds of countries that are part of the European Union and countries in the process of negotiating accession to the European Union with the European Commission. The Fund will be broadly diversified by issuer. The allocation ranges (the amount of net asset value of the fund that will be allocated to such government bonds) are subject to change as the market for bonds evolves.

The Fund may hold up to 10% of its net assets in countries in the process of negotiating accession to the European Union with the European Commission. The Fund may hold up to 20% of its net assets in bonds of issued by agencies, quasi-government institutions or supranationals of European Union member states.

All government bonds and government related bonds must, at the time of purchase, be issued by an issuer having a credit rating at the time of acquisition of at least BBB (or equivalent) or higher from Standard & Poor’s, Moody’s, Fitch or a comparable internationally recognised rating agency. All non-government bonds must, at the time of purchase, be issued by an issuer having a credit rating at the time of acquisition of at least AA (or equivalent) or higher from Standard & Poor's, Moody's, Fitch or a comparable internationally recognised rating agency, or a rating that is not lower than that of the relevant country.

If a rating limit is breached due to downgrading the status of a bond, those bonds will, in the interest of the Shareholders, be sold as soon as possible, and within a period of no more 3 months unless the Investment Manager believes it to be in the Shareholders' best interests to retain the holding. During any period where a bond is downgraded, the Investment Manager will not engage in purchasing of such downgraded bonds.

The Fund may invest in FDI as outlined below for investment purposes and for the purposes of efficient portfolio management (**EPM**).

With the exception of permitted investment in unlisted securities, investments will be made on the Markets listed in Schedule I to the Prospectus.

A maximum of 10% of the Fund's net assets may be invested in units or shares in other collective investment schemes.

FDI

The Fund may invest in FDIs for the purposes of EPM. The Fund may also use FDIs for investment purposes. Any leverage created by the use of FDIs, which may not exceed 100% of the Fund's Net Asset Value, will be measured using the commitment approach. The Fund will aim to deliver long term capital growth and is allowed to do so by holding FDIs and taking short positions synthetically via FDIs, based on anticipated changes in markets and for managing interest rate risk. For example, short positions may be achieved by selling futures, buying CDS protection (single name) as well as buying or selling forwards. These long and short positions may be over any type of asset described above.

The Fund may use futures, forwards, swaps and options as FDI's. Details of the FDIs in which the Fund may utilise are described below in the section headed **Investment Purposes**.

EPM

The Fund may invest in FDIs for the purposes of EPM. Permitted EPM transactions are transactions in FDIs dealt in or traded on an eligible derivatives market; interest rate futures or forward currency transactions. For example, the Fund may use forward currency transactions to hedge foreign exchange risk.

Any forward transactions must be with an approved counterparty (eligible institutions, money market institutions or other counterparty 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 or for investment purposes, subject to the Fund's total exposure limit including leverage (as prescribed by the Central Bank) not exceeding 200% of the Fund's total Net Asset Value. 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; or

- 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.

***Investment* Purposes**

The Fund may use FDIs for investment purposes. The Fund may use FDIs:

(i) as a substitute for taking a position in an underlying asset;

(ii) to tailor the Fund's interest rate exposure to the Investment Manager's outlook for interest rates; and/or

(iii) to control the risk of loss due to issuer default or market movements and to reduce the risk of credit risk with individual holdings by making use of single name credit default swaps.

FDIs may also be used in order to take tactical decisions for short term investments. Single name credit default swaps may be used to gain or reduce the Fund's exposure to credit spreads or a particular security or market for periods of time to be determined by the Investment Manager, either in advance of a longer term allocation or reappraisal of the Fund's commitment to the asset or market in question, or purely on a temporary basis where it is more efficient to use FDIs for this purpose.

The Investment Manager may use single name credit default swaps to manage the Fund's exposure to the market. These instruments may be used to increase, reduce or maintain exposure to the market as a whole or its subcomponents to enhance the Fund's performance or protect downside risk. For example typical positions taken will be based on the Investment Manager's view on sensitivity of prices or sensitivity of spreads to expected changes in both economic and market conditions.

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

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

Futures

Futures are contracts to buy or sell a standard quantity of a specific asset (or, in some cases, receive or pay cash based on the performance of an underlying asset or instrument) at a pre-determined future date and at a price agreed through a transaction undertaken on an exchange. Generally, the underlying assets of the futures contracts will be government bonds and interest rates.

Futures contracts allow the Fund to hedge against market 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 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).

Swaps

The Fund may use the following types of swaps:

Interest Rate Swaps

An interest rate swap is an agreement negotiated between two parties to exchange EURIBOR and/or other similarly recognised interest rate cash flows, calculated on a notional amount, at specified dates during the life of the swap. The notional amount is used only to determine the payments under the swap and is not exchanged. The payment obligation of each party is calculated using a different interest rate, typically with one party paying a floating interest rate in return for receiving a fixed interest rate, either at regular intervals during the life of the swap or at the maturity of the swap. Interest rate swaps may be used to take long or short exposure to interest rates or to manage interest rate risk and duration exposure.

Inflation Swaps

An inflation swap operates in a similar way to an interest rate swap except that it is an agreement negotiated between two parties to exchange payments at a fixed or floating rate in return for payments based on realised inflation over the relevant period. Inflation swaps can allow the inflation sensitivity profile of the Fund to be changed more efficiently than through the use of physical cash markets. They may also be used to express views on the future level of inflation.

Currency Swaps

A currency swap is an agreement between parties to exchange sequences of cash flows over a period in the future. The cash flows that the counterparties make are tied to the value of foreign currencies. The Fund may use such swaps to cover the risk of the value of a particular currency rising or falling over time.

CDS

CDS provide a measure of protection against or exposure to defaults of debt issuers. The Fund’s use of CDS does not assure their use will be effective or will have the desired result. The Fund may at the discretion of the Investment Manager be the buyer and/or seller in CDS transactions to which the Fund is a party. CDS are transactions under which the parties’ obligations depend on whether a credit event has occurred in relation to the reference asset to which the CDS relates (e.g. a debt security). The credit events are specified in the contract and are intended to identify the occurrence of a significant deterioration in the creditworthiness of the reference asset. On settlement, credit default products may be cash settled or involve the physical delivery of an obligation of the reference entity following a default. The buyer in a CDS contract is obligated to pay the seller a periodic stream of payments over the term of the contract provided that no event of default on an underlying reference asset has occurred. If a credit event occurs, the seller must pay the buyer the full notional value of the reference asset that may have little or no value. If the Fund is a buyer and no credit event occurs the Fund's losses will be limited to the periodic stream of payments over the term of the contract. As a seller, the Fund will receive a fixed rate of income throughout the term of the contract, provided that there is no credit event. If a credit event occurs, the seller must pay the buyer the full notional value of the reference obligation. The Fund may also use CDS to take synthetic long or short positions.

Asset Swaps

An asset swap is an agreement negotiated between two parties to exchange the cash flows resulting from a purchased asset, typically government bonds and government guaranteed bonds, for a return in excess of LIBOR or other similarly recognised interest rate cash flows, calculated and paid at specified dates during the life of the swap or at the maturity of the swap.

Options

The Fund may purchase options to seek to provide an efficient, liquid and effective mechanism for locking in gains and/or protecting against future declines in the value of securities that it owns in order to benefit from future gains in the value of a security without the risk of the fall in value of security below the strike price. These will take the form of put/call options in relation to interest rates and currency and the underlying assets will be the assets referred to in the Investment Policy.

The Fund may also write (sell) options in respect of underlying assets including writing call options which will give the counterparty a right to call for delivery of the asset at a given price in return for the payment of a premium to the Fund by the counterparty. The sale of options will be used for hedging at portfolio level or for the purposes of EPM to manage the underlying securities with the aim of reducing risk, reducing cost or potentially obtaining increased revenue for the portfolio. For example, the Investment Manager may write/sell a put option on the underlying securities where it is believed that price of the underlying security will rise. In such a scenario, the purchaser will pay a premium to the Fund for the put option which will increase the revenue for the Fund.

Other Information

The Fund will be able to take long and/or synthetic short positions across the assets described in the investment policy. It is anticipated that the Fund may hold up to 200% of its assets in long positions and up to 100% of its assets in synthetic short positions.

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 risk objectives of the Fund.

The use of FDIs for investment purposes will result in the creation of financial leverage and any such leverage will be within the limits set down by the Central Bank.

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) will not exceed 100% of Net Asset Value of the Fund.

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

3. EFFICIENT PORTFOLIO MANAGEMENT – REPO TRANSACTIONS

The ICAV, on behalf of 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.

4. SECURITIES FINANCING TRANSACTIONS

The ICAV, on behalf of the Fund, may enter into repo transactions or stocklending transactions (Securities Financing Transactions) in order to meet its investment objective 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 30% AUM and the maximum expected proportion of AUM subject to Securities Financing Transactions shall not exceed 100% AUM. Further details in respect of Security Financing Transactions are set out in the Prospectus in the section entitled **Efficient Portfolio Management – Securities Financing Transactions: Stocklending, Repurchase Agreements and Reverse Repurchase Agreements**. The re-use of collateral is not permitted by the Fund.

5. INVESTMENT RESTRICTIONS

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

6. 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.

7. SHARE CLASS CURRENCY HEDGING

Different classes of shares are available for subscription in the Fund.

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 the table in the section entitled **Shares available for subscription** 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 section 3.9.2 in the Prospectus in the section entitled **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 **Hedged and Unhedged Share Classes** in the Prospectus.

8. BORROWINGS

In accordance with the general provisions set out in the Prospectus in the section entitled **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 in the section entitled **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 and FDIs 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. **Liquidity Risk**

Liquidity risk exists when a particular instrument is difficult to purchase or sell. If a derivative transaction is particularly large or if the relevant market is illiquid it may not be possible to initiate a transaction to liquidate a position at an advantageous price, to assess or value a position or to assess the exposure to risk. 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.

10.4. **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.

10.5. **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.

10.6. **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.

10.7. **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.

10.8. **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.

10.9. **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.

10.10. **Default Risk**

Investments in fixed income securities, specifically those which are rated below investment grade, 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.

10.11. **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 on-going 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 ICAV'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.

10.12. **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, the Administrator, or the Depositary may have an adverse impact on the performance of the Fund and its Net Asset Value.

10.13. **Political 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 and government policies.

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. **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.

10.16. **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.

10.17. **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.

10.18. **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**.

10.19. **Central Clearing**

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) and the European Markets and Infrastructure Regulation (“EMIR”) include provisions that require increased regulation of derivatives markets, including the introduction of mandatory execution and clearing of certain swaps, as well as new record keeping and reporting requirements.

A central clearing counterparty (CCP) stands between OTC derivatives counterparties, insulating them from each other’s default. Effective clearing seeks to mitigate systemic risk by lowering the risk that defaults spread from counterparty to counterparty. However, the extent to which CCPs mitigate the likelihood and severity of knock-on defaults that arise from the failure of a large counterparty is unclear.

Should the ICAV engage in cleared swap transactions there is a risk of loss by a Fund of margin deposits in the event of bankruptcy of the CCP with which the Fund has an open position in a swap contract. The assets of the Fund may not be fully protected in the event of the bankruptcy of the CCP because the Fund might be limited to recovering only a pro rata share of all available funds and margin segregated on behalf of a CCP’s clearing members. Additionally, the Fund may not be able to obtain as favourable terms as it would be able to negotiate for an uncleared swap. A CCP may unilaterally impose position limits or additional margin requirements for certain types of swaps in which the Fund may invest. The Fund is also subject to the risk that, after entering into a cleared swap with an executing broker, no CCP is willing or able to clear the transaction. In such an event, the CCP would void the trade. If settlement never occurs the loss incurred by the Fund would be the difference between the price of the original contract and the price of the replacement contract or, in the case where the contract is not replaced, the absolute value of the contract at the time it is voided.

10.20. **FDI Risks**

The prices of FDIs, including futures and swap prices, 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 or investment purposes, 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.

10.20.1. **OTC Transactions Risk**

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

10.20.2. **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, options and swaps. 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.

10.20.3. **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.

10.20.4. **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.

10.20.5. Basis Risk

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

10.21. Specific Instrument Risks

10.21.1. 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.

10.21.2. Options

Buying options involves less risk than writing options because, if the price of the underlying asset moves against the Fund, the Fund can simply allow the option to lapse. The maximum loss is limited to the premium, plus any commission or other transaction charges. However, if the Fund buys a call option on an asset contract and the Fund later exercises the option, the Fund will acquire the asset. This will expose the Fund to the risks of that particular asset. Put options are contracts sold for a premium that gives one party (the buyer) the right, but not the obligation, to sell to the other party (the seller) of the contract, a specific quantity of a particular security or financial instrument at a specified price. Call options are similar contracts sold for a premium that gives the buyer the right, but not the obligation, to buy from the seller of the option at a specified price. Options may also be cash settled. The Fund may be a seller or buyer of put and call options. The Investment Manager may also enter into options on interest rate or bond futures to reflect its view that credit risk may change in a particular way or alternatively, to reflect its view on interest rate volatility. The Fund may purchase or sell these instruments either individually or in combinations.

If the Fund writes an option, the risk involved is considerably greater than buying options. The Fund may be liable for margin to maintain its position and a loss may be sustained well in excess of any premium received. By writing an option, the Fund accepts a legal obligation to purchase or sell the underlying asset if the option is exercised against the Fund, however far the market price has moved away from the exercise price. If the Fund already owns the underlying asset which the Fund has contracted to sell (known as covered call options) the risk is reduced. If the Fund does not own the underlying asset (known as uncovered call options) the risk can be unlimited. Certain options markets operate on a margined basis under which buyers do not pay the full premium on their option at the time they purchase it. In this situation the Fund may subsequently be called upon to pay margin on the option up to the level of its premium. If the Fund fails to do so as required, the Fund's position may be closed or liquidated in the same way as a futures position.

10.21.3. 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.

10.21.4. Swaps

Where the Fund enters into swap arrangements and FDI techniques, it will be exposed to the risk that the counterparty may default on its obligations to perform under the relevant contract. In the event of a bankruptcy or insolvency of a counterparty, the Fund could experience delays in liquidating the position and may incur significant losses. There is also a possibility that ongoing FDI transactions will be terminated unexpectedly as a result of events outside the control of the Investment Manager, for instance, bankruptcy, supervening illegality or a change in the tax or accounting laws relative to those transactions at the time the agreement was originated.

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, January, April, July and October. 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 Class of the Fund 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 European bond 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:

Class A	Euro	Accumulation	Hedged
Class A	Euro	Income	Hedged
Class A	Euro	Accumulation	Unhedged
Class A	Euro	Income	Unhedged
Class A	US Dollar	Accumulation	Hedged
Class A	US Dollar	Income	Hedged
Class A	US Dollar	Accumulation	Unhedged
Class A	US Dollar	Income	Unhedged
Class A	Sterling	Accumulation	Hedged
Class A	Sterling	Income	Hedged
Class A	Sterling	Accumulation	Unhedged
Class A	Sterling	Income	Unhedged
Class B	Euro	Accumulation	Hedged
Class B	Euro	Income	Hedged
Class B	Euro	Accumulation	Unhedged
Class B	Euro	Income	Unhedged
Class B	US Dollar	Accumulation	Hedged
Class B	US Dollar	Income	Hedged
Class B	US Dollar	Accumulation	Unhedged
Class B	US Dollar	Income	Unhedged
Class B	Sterling	Accumulation	Hedged
Class B	Sterling	Income	Hedged

Class B	Sterling	Accumulation	Unhedged
Class B	Sterling	Income	Unhedged
Class I	Euro	Accumulation	Hedged
Class I	Euro	Income	Hedged
Class I	Euro	Accumulation	Unhedged
Class I	Euro	Income	Unhedged
Class I	US Dollar	Accumulation	Hedged
Class I	US Dollar	Income	Hedged
Class I	US Dollar	Accumulation	Unhedged
Class I	US Dollar	Income	Unhedged
Class I	Sterling	Accumulation	Hedged
Class I	Sterling	Income	Hedged
Class I	Sterling	Accumulation	Unhedged
Class I	Sterling	Income	Unhedged
Class K	Euro	Accumulation	Hedged
Class K	Euro	Income	Hedged
Class K	Euro	Accumulation	Unhedged
Class K	Euro	Income	Unhedged
Class K	US Dollar	Accumulation	Hedged
Class K	US Dollar	Income	Hedged
Class K	US Dollar	Accumulation	Unhedged
Class K	US Dollar	Income	Unhedged
Class K	Sterling	Accumulation	Hedged
Class K	Sterling	Income	Hedged
Class K	Sterling	Accumulation	Unhedged
Class K	Sterling	Income	Unhedged
Class Z	Euro	Accumulation	Hedged
Class Z	Euro	Income	Hedged

Class Z	Euro	Accumulation	Unhedged
Class Z	Euro	Income	Unhedged
Class Z	US Dollar	Accumulation	Hedged
Class Z	US Dollar	Income	Hedged
Class Z	US Dollar	Accumulation	Unhedged
Class Z	US Dollar	Income	Unhedged

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	EUR 1,000,000 (or equivalent in US Dollars, where applicable)
Minimum withdrawal amount	EUR 1,000,000 (or equivalent in US Dollars, where applicable)
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	EUR 1,000,000 (or equivalent in US Dollars, where applicable)
Minimum withdrawal amount	EUR 1,000,000 (or equivalent in US Dollars, where applicable)
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 Z Shares

Class Z Shares are only available for subscription by collective investment schemes in the Aegon group or otherwise at the discretion of the Directors.

Initial Offer Period

The Initial Offer Period for each Share class will commence at 09:00 (Irish time) on 19 September 2017 and they will continue to be available for subscription at the Initial Issue Price, as set out below, until 17:00 (Irish time) on 16 March 2018. 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 in accordance with its requirements. 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	STG £10

Minimum Fund Size

The minimum size of the Fund will be EUR50 million or such other amount as may be determined by the Directors at their discretion and notified to Shareholders. When the size of the Fund is below such amount, the Directors of the ICAV may, following consultation with the Investment Manager, compulsorily redeem all of the Shares of the Fund in accordance with the section entitled **Mandatory Repurchases** in the Prospectus.

Business Day

Any day (except Saturday or Sunday) on which the banks or the stock exchange in both Ireland and the Netherlands are generally open 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 and Redemptions is defined as 13:00 (Irish time) 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 a preliminary charge of up to 5% of the Net Asset Value per Share in connection with the subscription of Class A Shares of the Fund. The preliminary charge levied on the Class A Shares will be retained for the benefit of the Distributor. There is no preliminary charge payable on the Class B Shares, Class I Shares, Class K Shares or Class Z 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, 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.

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

The valuation point for the Fund shall be 23:00 (Irish time) on each Dealing Day. For the avoidance of doubt, the Valuation Point for a particular Dealing Day shall not be before the Dealing Deadline relevant to such 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).

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

15. ESTABLISHMENT CHARGES AND EXPENSES

The cost and expenses of establishing the Fund are expected not to exceed €25,000, will be borne by the Fund and will be amortised over the first five financial years of the Fund's operation.