



Semi-annual report 2013
Aegon Investment Management B.V.
Period to 30 June 2013

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Company information

Members of the Management Board

Ms. Sarah A.C. Russell
Mr. Philip J.G. Smith
Mr. Frans F.F. de Beaufort
Mr. Rishi R.S. Santokhi
Mr. Henk Eggens

Secretary

Ms. Welmoed Jansen

Registered Office

Aegonplein 50
2591 TV, The Hague
Netherlands

Auditors

Ernst & Young Accountants LLP
Wassenaarseweg 80
2596 CZ, The Hague
The Netherlands



Aegon Investment Management B.V.

Semi-annual report 2013

Report of Directors
Financial statements
Other information

Report of Directors

General information

Aegon Investment Management B.V. (further: 'the Company' or AIM) is a private limited liability company organized under Dutch law and recorded in the Commercial Register of The Hague under its registered address at Aegonplein 50, 2591 TV The Hague. The principal activities of the Company are that of management of investment funds and individual portfolio management and investment advice. The Company is incorporated and domiciled in the Netherlands and is regulated by De Nederlandsche Bank and Autoriteit Financiële Markten.

The Company is a wholly owned subsidiary of Aegon Asset Management Holding B.V., The Hague.

General market developments

The first half year of 2013 continued to be a challenging year for financial markets. The economy in Europe shrunk during the first half year of 2013 as a result of saving measures, a low level of investments and low consumer expenditure. Unemployment rose and many countries continued to cope with significant budgetary deficits. In the United States economic growth is expected to slow down due to increases in tax rates combined with saving measures. Both sovereign bond markets as well as credits faced another volatile period as a result of the macro economic situation in general and the volatility in interest rates. Over the first half of 2013, the return on sovereign bonds was slightly negative and the return on credits and high yield was marginally positive.

Under these circumstances fixed income portfolios achieved a negative absolute return during the first half of 2013 of approximately EUR 0,8 billion. Whereas market movements contributed negatively to the fixed income assets under management, there was a net inflow of approximately EUR 1,6 billion. Over the first half year 2013, fixed income assets under management increased from EUR 36,9 billion to EUR 37,7 billion.

Equity assets under management decreased from EUR 10,9 billion as per the beginning of the year to EUR 10,8 billion as per half year end. An amount of EUR 0,5 billion is due to positive market movements and this effect was partly offset by a EUR 0,6 billion net outflow of equity assets.

Alternative investments under management (consisting of for instance the derivatives and hedging book and private equity investments) decreased from EUR 4,5 billion to EUR 4,3 billion. Of this decrease EUR 0,6 billion was caused by negative market movements and EUR 0,4 billion by net inflows.

On an aggregate level, the Company's total assets under management increased from EUR 52,3 billion as per the beginning of the year to EUR 52,8 billion.

Performance of the Company and developments during the half year

Performance of the Company

The Company delivered a profit after tax of EUR 1,587k (2012: EUR 794k). The result during the first half year of 2013 was in line with the Directors' expectations for 2013. Total income and total cost increased compared to the first half year of 2012.

Revenues predominantly consist of management fees earned from the management of assets for affiliated insurance companies as well as external clients and service fees charged to the investment funds to cover for certain expenses. The increase in fee income compared to 2012

is due to higher assets under management. In general the management fee as part of the fee income increased for affiliated Aegon entities and external clients.

The main expenses of the Company are personnel expenses, investment management services fees, IT expenses and intercompany recharges. The higher costs are mainly due to our IT project costs which more than compensate the lower intercompany recharges received from affiliated Aegon entities.

The aforementioned developments led to a profit after tax of € 1,587k which is higher compared to prior half year's profit.

Corporate governance, capital management and financial instruments

The Company has established a governance framework for monitoring and overseeing strategy, conduct of business standards and operations of the business across the group that includes a clearly stated corporate organisational structure, appropriate delegated authorities and independent internal audit and risk management functions. Risk management for the Company operates within this governance framework.

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

- Business risk (market) considers the impact of significant falls in both equity and bond markets on assets under management and fee income.
- Business risk (reputational) considers the impact of events such as potential poor investment performance or poor service delivery on sales and withdrawals.
- Operational risk considers the impact of inadequate or failed operational processes which may impact in terms of higher costs and also cause reputational damage.

The Company's objective in managing its capital is to ensure that there are adequate resources to meet the Company's liabilities as they fall due, and to allocate capital efficiently to support growth and repatriate excess capital where appropriate. The Company manages its capital by measuring its resources and cash available on a regular basis.

The Company is regulated by De Nederlandsche Bank and Autoriteit Financiële Markten. The Company maintains capital in line with the requirements from De Nederlandsche Bank. The Company reports its capital position to De Nederlandsche Bank on a quarterly basis. The Directors operate a policy which is designed to ensure that the Company maintains a level of capital that is appropriate for the risks it faces.

The Company is not exposed to significant financial instrument risk. Financial instruments held by the Company comprise of trade receivables and cash and short-term deposits. Credit risk is significantly reduced as assets are primarily cash and short term deposits, which are placed with major banks of acceptable credit standing.

Financial risks***General***

The company is exposed to financial risks. The main financial risks are credit risk, liquidity risk and market risk, with the principal elements of market risk being interest rate risk and equity price risk. The company is not exposed to significant currency risk other than through exposure to the funds it manages. The Corporate governance, capital management and financial instruments section of the Report of the Directors describes the Company's general approach to risk management and the management of financial risks.

Credit risk

The Company is exposed to credit risk as the vast majority of the assets consists of intercompany receivables with other members of the Aegon group and cash and cash equivalents. The Company does not hold financial instruments which give rise to concentrations of risk. Details of these balances are listed under note 3 of the notes to the financial statements.

Liquidity risk

The company has only limited exposure to liquidity risk as balances are predominantly held in cash and short term deposits and intercompany receivables. Amounts due are settled without the need to realise illiquid assets. Details of these balances are listed under note 4.

Market risk

Market risk is significant only in that market price changes affect our assets under management. This refers to fluctuations in the financial markets that affect the assets we manage. The Company is therefore only indirectly exposed to market risk.

Interest rate risk

Interest rate risk is significant only in the impact of interest rate movements upon our assets under management. This refers to business risk caused by fluctuations in the interest rates that will affect the valuation of the fixed income securities that we manage. The company is not exposed to significant interest rate risk since it does not hold interest bearing financial instruments such as bonds. The Company is only indirectly exposed to interest rate risk.

Creditor payment policy

The objective is to treat our suppliers fairly and in accordance with good commercial practice. Suppliers' invoices are settled in accordance with agreed contractual terms or, if no terms are scheduled, generally within 45 days of the appropriate invoice date.

Outlook

The Directors believe the company is well positioned for the future and during the remainder of 2013 our aim is to make further progress with our infrastructure upgrade while increasing the amount of assets we manage for third party customers.

Directors and their interests

Directors at the date of signing who served throughout the period.

S.A.C. Russell
P.J.G. Smith
F.F.F. de Beaufort
H. Eggens
R.R.S. Santokhi

The Directors have declared that they had no interest in the share capital of the Company in the period ended 30 June 2013.

This report was approved by the Board of Directors and authorised for issue on 29 August 2013.

The Hague, The Netherlands

S.A.C. Russell
P.J.G. Smith
F.F.F. de Beaufort
H. Eggens
R.R.S. Santokhi

Semi-annual financial statements

- Balance sheet
- Profit and Loss account
- Cash flow statement
- Notes to the balance sheet and profit and loss account

Balance sheet as at 30 June 2013 and 31 December 2012

(Before appropriation of result)

(all amounts are in thousands of Euro)

	Notes	<u>30-6-2013</u>	<u>31-12-2012</u>
Assets			
Current assets			
Intercompany receivables	3	4,803	15,989
Trade receivables, prepayments and other receivables	4	12,353	10,193
Cash and short term deposits	5	25,167	19,659
		<u>42,323</u>	<u>45,841</u>
Non-current assets			
Intangible assets	6	195	-
		<u>195</u>	<u>-</u>
Current liabilities			
Intercompany payables	7	(2,013)	(3,379)
Trade payables and other creditors	8	(7,752)	(11,473)
Corporate income tax payable	9	(529)	(352)
		<u>(10,294)</u>	<u>(15,204)</u>
Total assets less current liabilities		<u>32,224</u>	<u>30,637</u>
Shareholders' equity			
Share capital	10	1,134	1,134
Share premium		25,994	25,994
Others reserves		3,509	2,452
Profit for the period		1,587	1,057
		<u>32,224</u>	<u>30,637</u>

Profit and Loss account for the half year ended 30 June 2013 and 2012

	Notes	2013	2012
Management fee	11	22,516	21,201
Service fee	12	4,010	3,963
Performance fee	13	7	-
Other income	14	2,819	2,630
Total income		<u>29,352</u>	<u>27,794</u>
Staff expenses	15	(12,897)	(12,229)
Other operating expenses	16	(14,237)	(14,219)
Other expenses		(54)	(254)
Total expenses		<u>(27,188)</u>	<u>(26,702)</u>
Operating profit		2,164	1,092
Interest income	17	3	3
Interest expense	18	(51)	(36)
Profit on ordinary activities before taxation		2,116	1,059
Tax (charge)	19	(529)	(265)
Profit after tax		<u>1,587</u>	<u>794</u>

Cash flow statement for the half year ended 30 June 2013 and 2012

	Notes	<u>2013</u>	<u>2012</u>
<i>Operating activities:</i>			
Operating profit		2,164	1,092
<i>Adjustments to reconcile Operating Profit before tax to net cash flow from operating activities:</i>			
Decrease in intercompany receivables, trade receivables, prepayments and other receivables		9,026	5,254
(Increase) in intangible assets		(195)	-
(Decrease) in current liabilities		(4,910)	(2,493)
Corporate income tax payable		(529)	(265)
Net cash flow from operating activities		<u>5,556</u>	<u>3,588</u>
<i>Financing activities:</i>			
Capital contributions		-	2,000
Interest received		3	3
Interest paid		(51)	(36)
Net cash flow from financing activities		<u>(48)</u>	<u>1,967</u>
Net increase in cash and cash equivalents		<u>5,508</u>	<u>5,555</u>
Cash and cash equivalents as at 1 January		19,659	21,330
Cash and cash equivalents as at 30 June		<u>25,167</u>	<u>26,885</u>
		<u>5,508</u>	<u>5,555</u>

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

Notes to the semi-annual financial statements

1. General information

Aegon Investment Management B.V. is an Investment Management Company, incorporated and domiciled in the Netherlands. The company is a private limited liability share company organized under Dutch law and recorded in the Commercial Register of The Hague under its registered address at Aegonplein 50, 2591 TV The Hague. Aegon Investment Management B.V. is a wholly owned subsidiary of Aegon Asset Management Holding B.V. with the ultimate parent company being Aegon N.V., which is incorporated in the Netherlands.

The principal activities of the Company are management of investment funds, individual portfolio management and investment advice. The Company is the asset manager of Aegon Paraplufonds I and Aegon Paraplufonds IV which are AFM registered investment funds. The Company is also asset manager of multiple non-registered funds and pools for the institutional clients of our insurance affiliate.

The Company outsourced part of the asset management activities to BlackRock Advisors (UK) Limited, TKP Investments B.V., Kames Capital plc and Aegon USA Investment Management LLC. These companies are part of the Aegon Group except for BlackRock Advisors (UK) Limited.

The Company outsourced the administration of the funds and pools to Citi Fund Services (Ireland) Limited.

Aegon Custody B.V. is the depository of the funds and pools under management of the Company.

2. Summary of significant accounting policies

The semi-annual financial statements of the Company are prepared in accordance with accounting principles generally accepted in the Netherlands (section 2:9 of the Dutch Civil Code) and the Financial Supervision Act (Wet op het financieel toezicht).

Basis of preparation

These accounting policies describe the valuation methods used. If no explicit accounting policy is given for an individual item on the balance sheet, the item is accounted for at nominal value. The semi-annual financial statements are presented in euros since this is the functional currency of the Company. Numbers are rounded to the nearest thousand and all amounts disclosed in these notes are in thousands, except when explicitly stated otherwise. The semi-annual financial statements have been prepared on basis of historical cost less accumulated depreciation and amortization and any accumulated impairment losses.

Foreign currencies

Monetary assets and liabilities denominated in other currencies are translated into euros at the spot rates prevailing at the balance sheet date. Non-monetary items measured at historical cost are translated using the exchange rates as at the dates of the initial transactions.

Income and expenses are converted at the exchange rates prevailing at the relevant transaction date. The exchange rate differences are taken to the income statement and are recorded in the other operating expenses.

Significant accounting judgments, estimates and assumptions

The preparation of semi-annual financial statements requires the use of judgment and estimates that affect the recognition and valuation of assets and liabilities, the disclosure of contingent liabilities as of the date of the semi-annual financial statements and the reported amounts of income and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, the actual results may differ ultimately from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised.

Judgments made by management that have an impact on the semi-annual financial statements are intangible assets.

Intangible assets consist of purchased capitalized software and other intangible assets. Intangible assets are stated at cost less any accumulated amortization and any accumulated impairment losses determined individually for each asset. The assets are reviewed for impairment annually.

Amortization starts when the asset is available for use. The amortization is calculated using the straight-line method over the expected useful economic life of the intangible assets, not exceeding a period of five years.

Accounting policies*Current assets*

Current assets are stated at nominal value, less any allowances for uncollectible accounts. Unless stated otherwise, receivables have a remaining term of less than one year. Trade receivables relate to outstanding invoices.

Cash and short term deposits

Cash and short term deposits comprise of cash at banks and short term deposits with multiple counterparties and with an original maturity of three months and less. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and short term deposits as defined above.

Shareholders' equity

Shareholders' equity consist of share capital, share premium, other reserves and result over the half year period. The other reserves consists of cumulative results of previous years less paid out dividends.

Current liabilities

Current liabilities are stated at nominal value.

Management and other fees

Management and other fees include management fees, service fees, performance fees and other fees. Fees are recognized when the services have been performed. Management and service fees are primarily based on predetermined percentages of the market values of the assets under management and are affected by changes in assets under management, including investment performance and net subscriptions or redemptions. Performance fees are

calculated as a percentage of the performance of the relevant assets under management and recorded when earned.

Sub advisory costs

Sub advisory costs are included in the management fee and consists of management fee payables to third asset managers and related parties. Sub advisory costs are recognized when the services have been performed and can be reliably measured. These costs are based on predetermined percentages of the market values of the average assets under management of the investments.

Incentive plans

Long term share and cash incentive plans awarded to eligible employees are accounted for over the period between the date of award and the date of vesting.

Tax

The Company is part of the fiscal unity headed by AEGON Nederland N.V. and accordingly jointly and severally liable for tax liabilities of this fiscal unity.

Notes to the balance sheet
3. Intercompany receivables

	<u>2013</u>	<u>2012</u>
Intercompany receivable with Aegon Asset Management Holding B.V	4,643	13,496
Intercompany receivables with Aegon Hungary Investment Fund Management Company	117	-
Intercompany receivables with Aegon Management (Asia) Ltd	26	-
Intercompany receivable with Aegon Nederland N.V.	-	2,493
Intercompany receivables with TKP Investment B.V.	17	-
	<u>4,803</u>	<u>15,989</u>

4. Trade receivables, prepayments and other receivables

	<u>2013</u>	<u>2012</u>
Trade receivables, prepayments and other receivable:	3,076	2,193
Management fee receivable from the funds	8,686	7,338
Service fee receivable from the funds	591	662
	<u>12,353</u>	<u>10,193</u>

Outstanding balances are unsecured and cash settlement is generally expected within 45 days of invoice. The Company has not benefited from any guarantees for any related party receivables. During the half year ended 30 June 2013 the Company has not made any provision for doubtful debtors.

5. Cash and short term deposits

	<u>2013</u>	<u>2012</u>
Cash and cash equivalents	8,167	19,659
Short term deposits	17,000	-
	<u>25,167</u>	<u>19,659</u>

Cash and short term deposits in the balance sheet comprise cash at banks and short term deposits with an original maturity of three months or less. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and short term deposits as defined above.

6. Intangible assets

	<u>2013</u>	<u>2012</u>
Software and other intangible assets	195	-
	<u>195</u>	<u>-</u>

7. Intercompany payables

	<u>2013</u>	<u>2012</u>
Intercompany payable with Aegon Nederland N.V.	1,056	-
Intercompany payable to Aegon USA Investment Management LLC	322	3,120
Intercompany payable to Kames Capital plc	293	193
Intercompany payable to Aegon European Data Centre Ltd	338	-
Intercompany payable to Aegon N.V.	4	8
Intercompany payable to Aegon US AGT TransAmerica	-	58
	<u>2,013</u>	<u>3,379</u>

8. Trade payables and other creditors

Management fee payable	1,163	1,168
Service fee payable	1,158	1,862
Other payables	<u>5,431</u>	<u>8,443</u>
	<u>7,752</u>	<u>11,473</u>

9. Corporate income tax payable

The Company is part of the fiscal unity headed by Aegon N.V. As a consequence the corporate income tax payable is a payable to Aegon N.V.

10. Shareholders' equity

Issued share capital and reserves attributable to shareholders of Aegon Investment Management B.V.

Share capital – par value	<u>2013</u>	<u>2012</u>
Authorised Share Capital		
2,500 Ordinary Shares of EUR 454 each	1,134	1,134
Allotted, called up and fully paid		
2,500 Ordinary Shares of EUR 454 each	1,134	1,134

The movement in shareholders' equity is as follows:

	Issued Capital	Share Premium	Other Reserves	Profit for the period	Total
As at 1 January 2012	1,134	23,994	1,423	1,029	27,580
Capital Contribution		2,000			2,000
Transfer previous year profit			1,029	(1,029)	
Profit for the period				1,057	1,057
As at 1 January 2013	1,134	25,994	2,452	1,057	30,637
Capital Contribution		-			-
Transfer previous year profit			1,057	(1,057)	-
Profit for the period				1,587	1,587
As at 30 June 2013	1,134	25,994	3,509	1,587	32,224

Notes to the Profit and Loss account
11. Management fee

	<u>2013</u>	<u>2012</u>
Intercompany management fee income from Aegon Nederland NV	25,581	24,262
Management fee income third parties clients	<u>2,763</u>	<u>2,537</u>
Total management fee income	28,344	26,799
Intercompany management fee expense to Saemor Capital B.V. and Pelargos Capital B.V.	(3,486)	(3,373)
Intercompany management fee expense to Aegon USA Investment Management LLC	(436)	(531)
Intercompany management fee expense to TKP Investments B.V.	(678)	(622)
Management fee expense to external sub advisors	<u>(1,228)</u>	<u>(1,072)</u>
Total management fee expense	<u>(5,828)</u>	<u>(5,598)</u>
Total management fee	22,516	21,201

12. Service fee

A service fee is charged to the applicable funds to cover for expenses such as costs of supervisors, custody, auditors, (legal) advice, administration and marketing and communications. The expenses are incurred by the Company.

13. Performance fee

	<u>2013</u>	<u>2012</u>
Intercompany performance fee income from Aegon Nederland NV	<u>7</u>	-
	7	-

14. Other income

	<u>2013</u>	<u>2012</u>
Security lending fee	500	500
Other services to Aegon Nederland N.V.	2,129	2,129
Other income	<u>190</u>	<u>1</u>
	2,819	2,630

Other services to Aegon Nederland N.V. represents additional fee income in respect of non-portfolio management services such as client reporting services, derivatives and hedging services and investment solutions expertise.

The security lending fee is maximised at EUR 500 in accordance with the agreement between the Company and Aegon Nederland N.V. The security lending fee in excess of EUR 500 will

directly flow to Aegon Nederland N.V. The total security lending fee including the maximised fee of EUR 500 on account of the Company amounted to EUR 1,215.

15. Staff expenses

Staff expenses are EUR 12,897 (2012: EUR 12,229) and are related to recharges to the Company by Aegon Nederland N.V. for salaries, pension, social charges, etc. For terms and conditions relating to related party transactions refer to note 16.

Aegon Nederland N.V. employs all staff of Aegon Investment Management B.V. whose costs are included in staff expenses.

16. Other operating expenses

	<u>2013</u>	<u>2012</u>
Intercompany charges Kames Capital plc	634	621
Intercompany charges Aegon USA Investment Management LLC	922	1,202
Intercompany charges Aegon Nederland N.V.	1,254	2,524
Intercompany charges Aegon Asset Management Holding B.V.	597	708
Intercompany charges TKP Investments B.V.	(99)	(48)
Intercompany charges Aegon US AGT TransAmerica	179	-
Intercompany charges European Data Centre Ltd	376	-
Intercompany charges Aegon Hungary Investment Fund Management Company	(58)	(14)
Intercompany charges Aegon Asset Management (Asia) Ltd	(13)	-
Other administrative expenses	<u>10,445</u>	<u>9,226</u>
	<u>14,237</u>	<u>14,219</u>

Other administrative expenses include expenses from various services providers (e.g. third party administrator, consultants, auditors, tax advisors, etc), maintenance software licenses, rent and travel expenses.

17. Interest income

	<u>2013</u>	<u>2012</u>
Bank interest income	<u>3</u>	<u>3</u>

18. Interest expense

	<u>2013</u>	<u>2012</u>
Bank charges and overdraft interest expense	45	19
Intercompany interest expense	<u>6</u>	<u>17</u>
	<u>51</u>	<u>36</u>

19. Tax charge

Reconciliation of tax charge	2013	2012
Accounting profit before tax	2,116	1,059
Accounting profit multiplied by the NL standard rate of Corporation tax of 25%	(529)	(265)
Non-deductible expenses	-	-
Total tax (credit) in the profit and loss account statement	(529)	(265)

The Company is part of the fiscal unity headed by Aegon Nederland N.V. and accordingly jointly and severally liable for tax liabilities of this fiscal unity.

20. Related party transactions

(a) Immediate parent undertaking

The immediate parent company is Aegon Asset Management Holding B.V., which is incorporated in the Netherlands. The group accounts of Aegon Asset Management Holding B.V. are available from the Company Secretary, Aegon Asset Management Holding B.V. Aegonplein 50, 2591 TV The Hague.

(b) Ultimate parent undertaking

The ultimate parent company is Aegon N.V., which is incorporated in the Netherlands. The group accounts of Aegon N.V. are available from the Company Secretary, Aegon Asset Management Holding B.V. Aegonplein 50, 2501 CB The Hague.

(c) Other related Parties

Other related parties are Aegon Nederland N.V., Saemor Capital B.V., Pelargos Capital B.V. and TKP Investments B.V., all incorporated in the Netherlands, Aegon Asset Management (Asia) Ltd, incorporated in Hong Kong, Kames Capital plc, incorporated in the UK, Aegon Hungary Investment Fund Management Company, incorporated in Hungary and Aegon USA Investment Management LLC, incorporated in the USA.

(d) Year end balances and transactions with related parties

The company provides investment management services to other members of the Aegon Group at prices that are agreed from time to time between the Company and the recipients of the service, taking into account the size and nature of the service (see notes 11, 14 and 16 for total amount of such transactions). All transactions with related parties are done at arm's length. Staff and other operating expenses are recharged to the Company at cost by Aegon Nederland N.V., a subsidiary of Aegon N.V. (see note 15 for total amount of such transactions). The intercompany balance with Aegon Nederland N.V. is interest bearing in accordance with market rates. The intercompany balances with other related parties are non-interest bearing and mainly relate to recharges across the asset management units. These recharges have been made for cross border personnel and other expenses. This includes balances with Aegon Asset Management Holding B.V., Kames Capital Plc, Aegon Asset Management (Asia) ltd, Aegon USA Investment Management LLC. The company funded set up costs for Saemor and Pelargos which are outstanding. Half year end balances for related party transactions are detailed in notes 3 and 7.

21. Risk Management

General

The company is exposed to financial risks. The main financial risks are credit risk, liquidity risk and market risk, with the principal elements of market risk being interest rate risk, equity price risk and foreign exchange risk. The company is not exposed to significant foreign exchange risk other than through exposure to the funds it manages, and this risk is managed as for market risks. The Corporate governance, capital management and financial instruments section of the Report of the Directors describes the Company's general approach to risk management and the management of financial risks.

Credit Risk

The company is exposed to insignificant credit risk since it does not hold interest bearing financial instruments such as bonds. The vast majority of the assets consists of intercompany receivables with other members of the Aegon group and cash. The Company does not hold financial instruments which give rise to concentrations of risk. Details of these balances are listed under note 3 of the notes to the financial statements.

Liquidity Risk

The company has only limited exposure to liquidity risk as balances are predominantly held in cash and short term deposits and intercompany receivables. Amounts due are settled without the need to realise illiquid assets. Details of these balances are listed under note 4.

Market Risk

Market risk is significant only in that market price changes affect our assets under management. This refers to fluctuations in the financial markets that affect the assets we manage. The Company is therefore only indirectly exposed to market risk.

Interest Rate Risk

Interest rate risk is significant only in the impact of interest rate movements upon our assets under management. This refers to business risk caused by fluctuations in the interest rates that will affect the valuation of the fixed income securities that we manage. The Company is therefore only indirectly exposed to interest rate risk.

22. Number of employees

During the years 2013 and 2012, the Company had no employees. Aegon Nederland N.V. employs all staff that work for Aegon Investment Management B.V.

23. Contingent liabilities

As at 30 June 2013 the Company had no contingent liabilities.

24. Subsequent events

Between 30 June 2013 and the date of this report there were no subsequent events.

Signing of the semi-annual financial statements

The Hague, The Netherlands

29 August 2013

S.A.C. Russell

P.J.G. Smith

F.F.F. de Beaufort

R.R.S. Santokhi

H. Eggens

Frans de Beaufort was unable to sign
due to stay abroad

Sarah Russell




Other information**Statutory provision regarding appropriation of the result**

The articles of association provide that the net result for the half year is subject to disposition to be decided upon by the Annual General Meeting of Shareholders.

Appropriation of the half year result 2013

In the Aegon Investment Management B.V. quarterly board meeting it has been proposed to transfer the net profit for the half year amounting to EUR 1,587k to the other reserves.

In anticipation of such decision, the proposal has been reflected in the semi-annual financial statements.