Annual Report
2018

Aegon Global Multi Manager High Yield Fund – Unhedged

TKP Investments

Contents

1 General Fund information

Fund Manager
Aegon Investment Management B.V. (hereafter: 'AIM'), with registered offices in The Hague, is the sole manager of the Fund.

Up to and including 31 December 2018, the Fund Manager was TKP Investments B.V. (hereafter: 'TKPI'). As of 1 January 2019, TKPI legally merged with AIM. With effect from that date, the name TKP Investments or TKPI exists as a brand name of AIM. Any reference in this report to TKP Investments or TKPI should be read as AIM acting as TKP Investments or TKPI.

Fund Manager's board of directors
The Fund Manager's board of directors consists of Wouter Peters, Coos Luning, Rishi Santokhi, Eric van der Maarel, Barbara Bakker, Gary Black, Olaf van den Heuvel and Philip Smith.

The board of directors of TKPI consisted of Coos Luning, Robert Leenes, Wouter Peters and Annemieke Docter.

Depositary
Citibank Europe Plc. (Netherlands Branch), with registered offices at Schiphol, Schiphol Boulevard 257, is the depositary of the Fund.

Aegon Custody B.V., with registered offices in The Hague, Aegonplein 50, fulfils the duty of title holder.

Investment Committee
The Fund Manager's investment committee consists of prof. dr. E. Sterken, drs. M.J.M. Jochems and drs. Ph.D. H. Menco RBA.

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Independent auditor
PricewaterhouseCoopers Accountants N.V.

Accounting
Aegon Investment Management B.V.

Prospectus
A prospectus is drawn for this product, which is available at www.tkpinvestments.com.

For this product a Key Investor Information document is available with information regarding the Funds, charges and risks. This Key Investor Information document is available at www.tkpinvestments.com. Ask for and read this Key Investor Information document before buying this product.

2 Profile

General

The Aegon Global Multi Manager High Yield Fund – Unhedged (hereafter 'the Fund') is a mutual fund and qualifies as an Enterprise for collective investment in transferable securities (UCITS) within the meaning of Article 1:1 of the Dutch Act on Financial Supervision. The Fund is an undertaking for collective investment in transferable securities ('UCITS') within the meaning of Article 1, section 2 of the Directive 2009/65/EC on UCITS.
This paragraph is an integral part of the financial statements and should be read in conjunction with them.

Investment objective

To achieve a three-year annualized outperformance of 2% with a maximum allowed ex-ante tracking error of 7%, through investing primarily in bonds.

Investment policy

The investment policy is to outperform the benchmark of the Fund. The benchmark is a dispersed, market-capital-weighted and international index, 'total net return' and the measured portfolio performance includes incurred costs. The investments of the Fund are effected within the 'multi-manager' concept whereby multiple selected specialized Investment Managers are assigned to a Fund through detailed mandates.

From a risk and adding value point of view, the Fund can use other financial instruments, techniques, financial derivatives and structures. Some examples are bond futures, currency forwards, currency futures, structured notes, cash, money market instruments and/or units in funds investing in instruments that meet the above criteria. In the event that new techniques, instruments and/or other structures will become available within the financial markets, which are suitable within the investment policy of the Fund and can be justified by the changed circumstances according to the Fund Manager, the Fund Manager is allowed to use certain techniques, instruments and/or structures.

Deviations from currency exposure of the benchmark will be hedged.

Managers

The Fund has assigned 2 managers with an active mandate.

Investment process

Within the Fund and within the investment funds in which the Fund invests directly and/or indirectly different specialized third party investment managers can be selected for executing the investment policy. The security selection process has been delegated to these third party managers. These managers have specific knowledge and skills to manage a portfolio for the Fund and meet the requirements as set out by the Fund Manager. In this way optimal advantage is taken of the specific market knowledge of the third party investment manager. Proper attention is paid to the selection and monitoring of all third party managers. A maximum tracking-error and so-called 'linear' restrictions are imposed on each individual external portfolio managed by the investment manager.

Benchmark

ICE BofAML Global High Yield Constrained Index.

Structure

The Fund has an open-end status, which means that the Fund will upon request issue and redeem Participations subject to certain restrictions as described in the Prospectus and the Terms and Conditions.

Legal entity and conditions
The Fund is not a legal entity, but the aggregate of all Fund assets and Fund obligations, in which money or assets are called or received for the purpose of collective investment by the participants, as governed by inter alia the terms and conditions. The terms and conditions form part of the agreement entered into between the Fund Manager, the depositary and a participant and as such apply to their legal relationship. The Fund nor the terms and conditions nor any acts ensuing there from, form a partnership, commercial partnership or limited partnership.

Participations
Participations are in registered form. Participations cannot be transferred or assigned or be made subject to any encumbrance. Participations give the participant a contractual claim against the depositary for payment of an amount equal to the value of a pro rata share in the applicable Fund subject to the relevant terms and conditions. Participations are issued and redeemed at the option of the Participant. The Fund Manager reserves the right to accept or reject any application in whole or in part at its absolute discretion. Under exceptional circumstances and only in the interest of the participants, the subscription date may be a different day. Under exceptional circumstances, in the interest of the participants, the redemption date may be a different day. Participations are issued and redeemed at the net asset value per participation according to the relevant terms and conditions. The participations do not have a par value. The participations are fully paid.

Participation Classes
The Fund can have multiple participation classes. Within each participation class, a participation will entitle the holder thereof to a proportional part of the Fund investments and the Fund obligations in relation to that participation class. The value of participations within a participation class is determined by the terms as described in the Key Investor Information Document or the terms and conditions of the Fund. Participation classes are also used to account for potential differences in the fiscal status of participants.

Pooling
The Fund’s assets are pooled by the depositary with assets of other investment institutions, provided that the depositary will be able to evidence at all times which assets are held for a specific Fund. The Fund Manager and the depositary are authorized to give instructions to the custodian to enable the pooling of the Fund assets with the assets of other investment funds managed by the Fund Manager or other investment managers belonging to the Aegon group. The depositary shall remain responsible for the execution by the custodian of the services to be provided by it.

Law and regulation
The Fund is an investment fund within the meaning of Article 1:1 of the Dutch Act on Financial Supervision. The Fund is an undertaking for collective investment in transferable securities (‘UCITS’) within the meaning of Article 1, section 2 of the Directive 2009/65/EC on UCITS. TKP Investments B.V. is authorized by the Netherlands Authority for the Financial Markets (‘AFM’) to act as Fund Manager of UCITS in the Netherlands and has been granted a license accordingly pursuant to the Dutch Act on Financial Supervision on 8 August 2007. TKPI is listed in the register held by the AFM. The Fund is registered with the AFM.

Fiscal
There is tax transparency, which means the Fund is not subject to corporation tax and the results on investments are directly attributed to the participants themselves.

Establishment
The Fund was established on 5 December 2017 and commenced operations as of 12 December 2017.

3 Key figures

Reporting period

The amounts for 2018 refer to the balances at 31 December 2018 or to the period from 1 January 2018 through 31 December 2018. These periods are applicable for the whole chapter.

The amounts for 2017 refer to the balances at 31 December 2017 or to the period from 12 December 2017 through 31 December 2017. These periods are applicable for all key figures.

Key figures for the fund		
(amounts x € 1,000)	**2018**	**2017**
Net asset value at 31 December	455,515	452,690
Fund results		
Investment result	6,355	-7,302
Other results	719	-344
Charges	-819	-42
Net result	**6,255**	**-7,688**
Ratios[1]		
Turnover ratio	94	-

[1] Calculated based on average net asset value.

Key figures for participation class A	2018	2017
Net asset value at 31 December (x € 1,000)	455,088	452,319
Outstanding number of participations at 31 December	4,566,968	4,599,577
Net asset value per participation at 31 December (x € 1)	99.65	98.34
Performance		
Net performance	1.3%	-1.7%
Performance benchmark	1.5%	-1.8%
Out/underperformance	-0.2%	0.2%
Out/underperformance since inception	-0.1%	0.2%
Net result (x € 1,000)	**6,250**	**-7,682**
Investment result per participation (x € 1)	1.38	-1.58
Other results per participation (x € 1)	0.16	-0.07
Charges per participation (x € 1)	-0.18	-0.01
Net result per participation (x € 1)	**1.36**	**-1.66**
Ratios[1]		
Ongoing charges	0.15%	0.01%
Performance fee as a % of net asset value	0.03%	0.00%
Transaction costs as a % of net asset value	0.46%	0.02%

[1] Calculated based on average net asset value.

Key figures for participation class I	2018	2017
Net asset value at 31 December (x € 1,000)	427	371
Outstanding number of participations at 31 December	4,279	3,771
Net asset value per participation at 31 December (x € 1)	99.63	98.34
Performance		
Net performance	1.3%	-1.7%
Performance benchmark	1.5%	-1.8%
Out/underperformance	-0.2%	0.2%
Out/underperformance since inception	-0.1%	0.2%
Net result (x € 1,000)	**5**	**-6**
Investment result per participation (x € 1)	1.38	-1.58
Other results per participation (x € 1)	0.16	-0.07
Charges per participation (x € 1)	-0.18	-0.01
Net result per participation (x € 1)	**1.36**	**-1.66**
Ratios[1]		
Ongoing charges	0.15%	0.01%
Performance fee as a % of net asset value	0.03%	0.00%
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[1] Calculated based on average net asset value.

4 Investment management report

4.1 Market developments

Global High Yield had a difficult year in 2018. Risk premiums rose significantly during the year. An Option-Adjusted Spread (OAS) is used to measure risk premium. The OAS measures the spread above corresponding government bonds (mainly German and US government bonds) adjusted for embedded options such as early prepayment. The OAS started the year at 350 basis points and finished 2018 at 541 basis points.

Despite the increased OAS the Global High Yield benchmark returned 1.53% (in euro) over the full year 2018. This positive return is fully attributable to a stronger US dollar. On a hedged-to-euro basis the index returned -4.7%. Global High Yield underperformed a comparable portfolio of US and German government bonds by 3.7%.

Differences between industry sectors were quite significant. Health care (-0.1%) and media (-1.7%) were among the best performing sectors in 2018. Automotive (-7.1%) and energy (-6.1%) were the worst performing sectors, compared to a market average of -3.7%.

Grouped by ratings, the lowest credit quality underperformed - as one would expect in a downturn. CCC rated securities returned an average of -5.9% while BB and B returned -3.5% and -3.4% respectively.

The US dollar rose 5% against the euro.

4.2 Investment policy

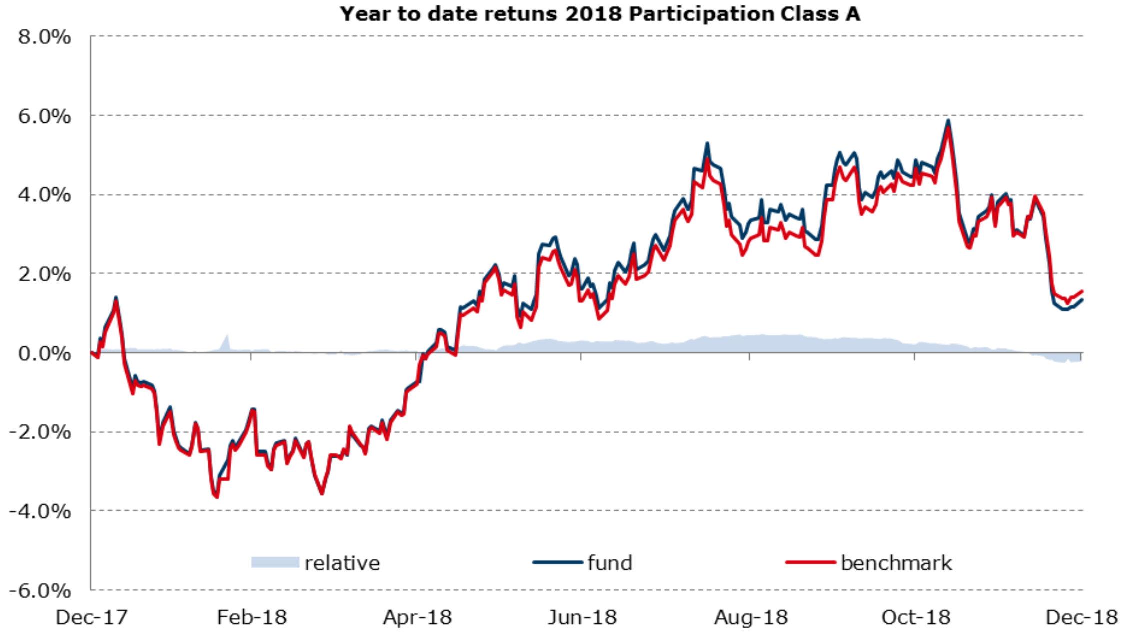
The Fund’s external managers employ an active investment policy, with the objective to outperform the benchmark. They have a mandate to take limited additional risk in comparison to the benchmark.

Overall, the managers had a neutral risk profile and tried to outperform the benchmark by taking idiosyncratic risk. Managers employ a bottom-up approach, which enables them to add value through a cycle.

There were no changes to the external manager line-up during 2018**.**

4.3 Return

Participation Class A and Participation Class I both achieved a return of 1.3%, compared to a benchmark return of 1.5% in 2018.



The relative return of the Fund is moderately negative (-0.2%) and falls short of the target performance of +2% on an annual basis over a three-year rolling period. Given volatile market conditions over past years it has been difficult for the fund's managers to achieve the target performance.

The managers were moderately overweight in US high yield at the cost of emerging markets high yield. In the fourth quarter of 2018 in particular, outperformance changed into underperformance mainly due to the strong movement in the energy sector and the sudden fall in US long-term interest rates.

Attribution to returns has been particularly negative for the communications, banking and consumer non-cyclical sectors. Positive attribution came from capital goods, cash and consumer cyclicals.

Strategy and results from the different managers are within the expected range given market developments, although TKP Investments expect them to outperform if this downturn continues.

4.4 Outlook

Market
Economic developments over recent years have been extremely favorable and unemployment has fallen sharply in both Europe and the United States. President Trump's tax reforms have boosted economic growth in the US and the Chinese economy has also grown significantly. Developed countries have entered the late economic cycle phase.

Over recent years, accelerated credit growth has been a driving force behind global economic growth. Central banks accelerated the credit cycle through the large-scale purchase of government bonds and later, corporate bonds. This kept interest rates at a historically exceptionally low level. These low interest rates stimulated governments, households and companies to accumulate debt, leading to increased risk for investors.

Central banks have commenced normalization of loose monetary policy in developed markets. This will also be an important theme in 2019. The United States Federal Reserve was a front runner in this area, initiating a series of interest rate hikes and embarking on a path of balance sheet reduction. At the same time, there is talk of significant budget and trade deficits, both of which need to be financed. In Europe, the ECB's debt buying program is also nearing completion, however policy rate increases are not expected any time soon. Peripheral countries in particular have accumulated high levels of debt, while economic growth has lagged behind due to insufficient reforms. Italy may run into problems if the interest rate on Italian government bonds rises as a result of potentially disappointing growth and the ECB pulling back as a buyer.

Despite the multi-year economic upswing, core inflation is still lower than the level desired by the central bank, particularly in the Eurozone. Low unemployment and higher import tariffs may increase the pressure on inflation in the coming period, although the prospect of a prolonged period of high inflation seems unlikely. Lasting economic growth is therefore essential for the normalization of monetary policy, however global growth expectations were adjusted downwards in the second half of 2018. Especially Europe is experiencing a slowdown in growth and France and Italy are causing further political unrest.

Protectionist measures also played a key role in reducing confidence levels. An escalating trade war between for example the United States and China may result in less economic activity and falling investment values in the short term. The outcome of Brexit negotiations is currently unclear to everyone, but the risks of a Brexit are evident. This poses a threat to financial market stability.

Over the coming years, high-yield bonds will be exposed to specific risks created by the poorer contractual conditions accepted by investors over recent years. Towards the end of 2018, risk premiums on global high-yield bonds had already clearly risen from the lowest levels, but remain somewhat lower than might be expected given the risks to profitability facing companies over the coming years. The global high-yield category is therefore exposed to setbacks.

Fund
The Fund’s policy and strategy will be continued in 2019.

4.5 Risk management

Financial risks
The Fund Manager is responsible for monitoring the financial risks faced by the Fund. The Fund Manager has identified a number of risks in this respect, the key ones for this Fund being:

1. Active risk
2. Market risk
3. Currency risk
4. Concentration risk
5. Counterparty risk
6. Liquidity risk
7. Interest rate risk
8. Credit risk

Risk measures in the form of restrictions have been drawn up for each type of financial risk in order to manage the risks. These restrictions depend on the fund’s strategy and are contained in the fund mandates. All restrictions are, where possible, monitored daily by the Fund Manager and by Citibank, which operates independently as depositary. Citibank was appointed as depositary in line with AIFM directive that requires managers to have monitoring performed by an independent body. If the restrictions are transgressed, this is immediately taken up with the relevant stakeholders and actions are determined to resolve transgressions as quickly as possible. All transgressions and warnings are reported periodically to all stakeholders, including the management.

Below is a description of the Fund’s objectives and policy in the area of risk management concerning the use of financial instruments in managing risks. The measures taken to manage the risks are also set out.

Active risk
Active risk denotes the risk that the Fund’s risk-return profile differs from that of the benchmark. In order to be able to realize the Fund’s objective, the portfolio must deviate from the benchmark to a certain extent. The degree of deviation can be monitored by means of the tracking error. By limiting the tracking error of both the Fund and the external managers in the Fund the active risk is managed. The tracking error does involve a number of limitations, however, such as the fact that risks are underestimated or overestimated depending on whether the market showed a higher or in fact lower level of volatility in the previous period.

The external managers within the Fund who implement the active policy can lag behind their benchmark, temporarily or for a longer time, because of particular market conditions or as the result of making incorrect choices. Combining different managers in the Fund can prevent the Fund from becoming dependent on one particular investment style.

The external managers within the Fund are monitored on the basis of various risk parameters in order to assess whether a manager deviates sufficiently, but not excessively, from the benchmark set. Because the tracking error is largely determined by market conditions, efforts are made to keep the Fund's tracking error well within the tracking error restrictions set. This is to prevent the Fund's active risk from having to be reduced in times of stress.

Active risk tracking error
The ex-ante tracking error reflects the risk profile of the fund. This was 0.4% at 31 December 2018 (31 December 2017: 0.4%).

The ex-post tracking error at 31 December 2018 (based on realized returns since inception) amounts to 0.5%.

The ex-ante tracking error was lower than the maximum allowed tracking error.

Market risk
Market risk is defined as the risk of losses arising as a result of movements in market prices.

Currency risk
The Fund has taken steps to reduce the currency risk. The external managers are only qualified to do spot currency transactions. The external managers also have cash restrictions. In addition, also on fund level the cash exposure is limited and the cash position is monitored daily. The currency risk is also limited by the tracking error restrictions. Deviations from currency exposure of the benchmark will be hedged.

Concentration risk
Concentration risk is the risk that a large portion of the Fund's assets is invested in a small number of issuers, which can make the return dependent on the return of this small group of issuers.

The Fund is allowed to take active positions relative to the issuer weight in the Benchmark. The maximum allowed exposure to issuers that are constituents of the Benchmark, is the issuer weight in the Benchmark (expressed as a percentage of the aggregate value of the Benchmark) plus or minus 2.5 percentage points, with a permitted minimum weight, of 0% (no short positions are allowed). Sector exposure is limited to a minimum of 0% on an absolute level and a maximum of the sector's Benchmark weight plus 18 percentage points on a relative level. On average, the largest issuer in the Benchmark has a weight of around 1.5%

Counterparty risk
Counterparty risk is the risk that a counterparty to a transaction cannot satisfy its contractual obligations. All buying and selling in the Fund takes place on the basis of delivery/receipt versus payment, except for markets where a different method prevails as the market practice. This strongly reduces the counterparty risk in the Fund.

Liquidity risk
Liquidity risk is the risk that the Fund is unable to trade a position quickly enough at a reasonable price. Liquidity decreases in times of stress.

Interest rate risk
Interest rate risk relates to negative price developments resulting from movement in the market interest rate. The sensitivity of a bond's price to a change in the market interest rate is measured with reference to its duration. For the managers within the Fund, a maximum deviation can be stipulated with respect to the duration of the benchmark.

Credit risk
Credit risk involves the risk that a debtor's creditworthiness deteriorates, possibly resulting in a downgraded rating, or that the debtor fails to satisfy its obligations to make payment on coupons and redemption on time. Losses in connection with credit risk can manifest in the form of missed payments and/or negative price fluctuations.
Within the Fund, the maximum allowed weight of securities rated CCC/Caa2 or below is limited to the Benchmark weight of these securities + 20 percentage points. The total amount held in bank loans is not permitted to exceed 20% of the aggregate value of the Fund.

Financial instruments
The Fund utilizes various financial instruments to realize investments. The Fund invests in or can invest in bonds, financial derivatives and deposits.
Financial derivatives contain rights and obligations, subject to one or more of the financial risks of the underlying security (investments), that are being transferred between parties. They do not lead to the delivery of the underlying primary financial security at the start of the contract, and delivery does not always have to take place at the expiration of the contract.

The following risks are generally tied to the use of financial instruments:

- Through market forces the value of the financial instrument can change. Financial instruments within the Fund are, however, applied to acquire a certain market exposure. Fluctuations in the value of the financial instrument are not being viewed as a risk as long as the financial instrument is within the universe of investments instruments. Through the use of a derived financial instrument, it is possible to gain more exposure than that which is inherent to the underlying value. This risk leverage is, similar to other exposure restrictions in regards to the financial derivative, monitored on a daily basis so that the total Fund exposure adheres to the determined Fund restrictions.
- The risk that a position in financial instruments cannot be liquated for a reasonable price. At the choice for selecting a financial instrument, liquidity is taken into account in regards to which financial instrument is best to be used. The liquidity of financial instruments is additionally taken into account when determining the position to be taken. The possible liquidity risk is reduced through the use of financial instruments with different maturities, wherein the positions taken are relatively large.
- The risk that either party involved in a derivative contract goes bankrupt or reaches suspension of payments, becomes negligent or deals fraudulently or that a counterparty defaults. A large part of the trading is regulated where listed derivatives are being settled on a daily basis. This limits the financial risk. For the miscellaneous financial instruments, the counterparty policy is valid. Counterparties must meet strict criteria such as for example a minimal credit rating to apply as a counterparty.

The pricing of the derivatives is based on the market value of the instruments at the balance sheet date. Due to market developments or new information, the market of the direct and derivative financial instruments and thus the value of the Fund could increase or decrease. The increase or decrease of the value of financial instruments and thus the value of the Fund after the balance sheet date is a risk inherent to investing.

Operational risk

Risk management is an integral part of the management responsibilities within TKPI. TKPI has applied the three lines of defense model safeguarding the adequateness of the organisational and governance structures for managing the risk profile of TKPI. TKPI has designed and implemented operational risk management policies. The risk management processes are a central part of the implementation of the policies. The risk management processes ensure the adequateness of the risk identification, management and monitoring within TKPI. TKPI uses risk control self assessments (RCSA) to assess the risks and controls, including the outsourced processes. The RCSA results in the identification of risks and the degree to which these risks are mitigated. The identified risks are monitored using risk measurement systems and internal control measures.

The design, existence and proper working of the internal control measures are assessed on yearly basis as part of TKPI's ISAE 3402 Type II report. These control measures relate to the various components of TKPI's operational management, such as investment trade execution and transaction recording, the selection, contracting and monitoring of external managers, the drafting of strategic investment plans, the reporting on investment results and various other focal areas within TKPI. The ISAE 3402 type II report is provided with an Assurance Report from an independent auditor which contains an opinion on the effectiveness of the control measures and the degree to which the control objectives described are achieved.

As regards the financial reporting risks, TKPI's internal risk management and control systems adequately guarantee that the financial reporting contains no material inaccuracies and that the internal risk management and control systems worked well during the reporting period.

Risk management by Fund Manager
TKPI has organized the risk management governance according to the Three Lines of defense Model. This model distributes the responsibilities, the tasks and the set of instruments and measures needed to be 'in control'. This model ensures independent monitoring of the risk management activities in the organisation by the risk management, compliance and internal audit functions.

First Line of defense
The first line of defense is executed by the line organisation. They are responsible for the performance of the primary operational processes. Many of the risk management measures are embedded in these processes and provide reasonable assurance that the processes are performed properly. Common used control measures are, for example, the segregation of duties, the four-eyes principle and reconciliations. The monitoring of positions and the related investment risks takes place on the level of the overall client portfolios, the investment portfolios and the individual external asset managers.

Second Line of defense
The second line is executed by the Operational Risk Management, Portfolio Risk Management and Compliance functions within TKPI. The task of the second line is to identify, register and monitor TKPI's risks and assess, advise and supports the first line. Second line enforces the risk culture within the first line to encourage the management on its risk management responsibilities.

Third Line of defense
The third line of defense is executed by AEGON Internal Audit organisation. Internal Audit is independently organized related to TKPI and provides an objective, independent opinion on the first and second line. AEGON Internal Audit has the mandate to assess all processes performed by the first and second line within TKPI.

Operational risks of the Fund

Risks and impact
Operational risks in relation to the multi-manager funds mainly concern the selection of external managers, the contracting of agreements (Investment Management Agreement or IMA) and the performance by the external managers. If these risks occur, the impact relates to the appointment of a manager who does not satisfy expectations, which can manifest in inadequate performance or incidents, insufficient legal guarantees if issues arise with the external manager or insufficient insight into the manager's performance (qualitative and quantitative), which can manifest in losses.

Control measures
Risks in relation to the selection process are managed by means of a robust and intensive selection process aimed at appointing high-quality managers for each asset class and subclass worldwide. Important selection criteria include: the investment philosophy espoused, the investment process, the personnel and organisation, performance and opportunities for diversification. There are strict procedures for documenting the outcomes of the due diligence investigation into external managers and the resulting opinion, the confirmation of selected managers in the portfolio manager meeting and the authorization of a selected manager by the Manager Equities, Fixed Income & Commodities and the Chief Investment Officer (CIO). The process is also reviewed by Operational Risk Management before the contract is signed.

Risks relating to the contracting of agreements with external managers are managed by having the agreements drafted by expert lawyers on the basis of standard contracts. The process and the IMA are also reviewed by Operational Risk Management.

Risks relating to the performance by the external managers are managed by monitoring undertaken by the Fund Administrator, Operations and the portfolio managers.

This includes, amongst other things, checks of the performance by external managers (qualitative/quantitative), compliance breaches and fee notes. Portfolio managers constantly follow the performance of the external managers on the basis of portfolio information, company news, attribution analyses and risk and return criteria. There is also a clear dismissal policy on the basis of qualitative and quantitative criteria.

The control measures mentioned above are tested annually in the ISAE 3402 audit.

Legislation and regulations

Legal and compliance risks are the risks of, amongst other things, losses due to legal liability, inadequate legal documentation and reputational or integrity damage because the Fund or its manager does not comply with legislation and regulations and/or internal rules or because developments in applicable legislation and regulations are identified too late. This is monitored by the legal experts at Aegon Asset Management. In cases that arise, external advice is also sought on new regulations and agreements are drafted by reputable parties.

Risk awareness and embedding within the organisation

The Fund Manager is well aware of the attention directed towards demeanor and conduct in regards to the risk management and compliance, the so called soft controls.

The policy is aimed at the Fund Manager complying to the statutory, administrative and societal norms. This entails that a breach, or the appearance of a breach, of valid law and legislation can affect trust adversely:

- While performing financial services and the ensuing commitments towards customers of the Fund Manager;
- In the financial markets wherein the Fund Manager operates.

Compliance to the external regulations has additionally been given shape by the composition of internal regulations. The various regulations that apply to the Fund Manager and/or her employees, are listed on the intranet and are available to all employees.

The customer is the point of focus and the know-your-customer rules have already been applied with the Fund Manager before it was recorded in the legislation and the provision of information receives ample attention, for example in the form of tailored customer reports.

To maintain confidence in the financial markets, the Fund Manager handles various procedures that, as per example, are focused on avoiding conflicts of interest and to ensure that no customers with a heightened level of integrity risk (for example due to money laundering or the financing of terrorism) are being admitted.

The Fund Manager additionally handles the procedures that guarantee that (international) sanction laws are being met. Sanctions could, for example, relate to certain persons, whose assets need to be frozen or to which no financial services should be given. Sanctions could also entail that no investments are allowed to be made in certain areas and/or instruments. When new sanctions are being issued or current sanctions are being altered, the compliance department will forward this information as quickly as possible to the relevant departments that apply such alterations in the portfolios.

An important part of the organizational embedding of risk management and compliance is, among others, the raising of awareness in regards to the relevant law and regulations and the monitoring of processes and procedures. The integrity risk of the Fund Manager is being controlled through internal guidelines, pre-employment screening, codes of conduct, e-learning modules for all employees and measures in the customer acceptation process. The compliance role plays an important part in the creation of the desired degree of risk awareness.

Changes in the risk management system

In the reporting period, no significant changes have been applied to the risk management system.

DUFAS

Through Aegon Asset Management, TKPI has voluntarily joined the Dutch Fund and Asset Management Association (DUFAS) and is compliant with its code of conduct ('Code Vermogensbeheerders').

GIPS

TKPI also complies with the Global Investment Performance Standards (GIPS). An external auditing firm reviews the investment funds of TKPI on a yearly basis, with positive outcome since 2000. This emphasizes the reliability of the performance measurement of our investment funds.

4.6 Socially Responsible Investing

Policy

TKPI is convinced that integration of Environmental, Social and Governance (ESG) aspects into the investment process contributes to a better risk/return profile for investments. This is because a good ESG profile of the companies in the portfolio strengthens the robustness of the investment portfolio and can positively influence the investment return. The policy is formalized through the Terms & Conditions of the Fund.

The Responsible Investment policy consists of:

- Annual screening of invested companies for compliance with the UN Global Compact Principles (UNGCP).
- Engagement with companies that do not comply with the UNGCP.
- Exclusion of companies based on specific criteria.
- Exclusion of government bonds of specific countries.

In addition to the instruments above TKPI portfolio managers and the external asset managers also contribute substantially to the Responsible Investment policy. The TKPI multi-manager selection and monitoring process ensures that ESG criteria are fully integrated in the investment process. In the selection of active asset managers the extent and manner of ESG criteria implementation is explicitly considered. In addition, TKPI periodically measures the degree to which investments score on ESG criteria using independent research. Furthermore TKPI initiates a discussion with the external asset manager on investments that do not perform well on ESG criteria.

Screening and engagement

An important guiding principle is that all companies in which an investment is made, behave according to the UNGCP concerning human rights, labor rights, environment and anti-corruption. Investments managed by TKPI are annually screened for compliance with these principles by Sustainalytics, a specialized research provider. Engagement will be carried out with companies that do not comply with the UNGCP. This engagement trajectory initially runs for three years. In the event of insufficient progress during this period, a company is added to the exclusion list. The results of the 2018 engagement program have been assessed and determined in 2018 by TKPI management.

At the annual screening of the investments in the TKPI managed funds 16 companies did not comply with the UNGCP (year end 2017: 18 companies). During 2018 engagement was carried out with 14 companies because one company had already been divested before the start of the engagement trajectory and another company was, due to a transition period, excluded by the end of June 2018.
None of these companies became compliant with the UNGCP this year, or has shown such satisfactory improvement that the engagement trajectory could be terminated.
Three companies were in the final stage of the engagement trajectory. These companies do however demonstrate sufficient progress and TKPI will therefore continue to engage with these companies.
The Fund is conducting a dialog with 5 companies (2017: 5). At the end of the year, the weight of these companies in the Fund amounts to 4.1% (2017: 3.6%).

Exclusion of companies

In general, the TKPI exclusion list is updated annually. Changes in the list are incorporated into the contracts with the external asset managers. Daily compliance monitoring takes place with the TKPI exclusion list. The TKPI exclusion list involves exclusions based on the following criteria:

- Controversial weapons, on the basis of the Controversial Weapons Radar (CWR) issued by Sustainalytics. The following weapons are classified as controversial: biological weapons, nuclear weapons, chemical weapons, anti-personnel mines, cluster munitions, munitions with depleted uranium and white phosphorus (if a controversial application is involved).
- Thermal coal mining companies that derive 30% or more of their sales revenue from thermal coal mining. This type of coal is burned for the purpose of generating electricity and/or heat and has a strong impact polluting the environment. These companies are not well diversified and run a great risk with regard to so-called 'stranded assets'.
- Companies that are non-compliant with the UNGCP and have shown insufficient progress in the engagement process.
- Tobacco companies (as of 8 October 2018). This includes companies that generate more than 5% of their sales revenue from the production of tobacco and tobacco-related products.

At the end of 2018 there were 167 companies on the TKPI exclusion list (2017: 181 companies), 53 companies were excluded based on controversial weapons, 43 companies were excluded based on thermal coal mining and 10 companies were excluded based on non-compliance with the UNGCP and have shown insufficient progress in the engagement. In addition, as of 8 October 2018, 61 tobacco companies were excluded.

In 2018, the exclusion list contained ten companies that have been excluded given non-compliance with UNGCP and insufficient progress during engagement. These companies are Barrick Gold Corporation, China Petroleum & Chemical Corporation (Sinopec), Freeport-McMoRan Inc., Grupo México S.A.B. de C.V., PetroChina Co. Ltd., Petroleos de Venezuela S.A. (PDVSA, as of the end of June 2018), SNC Lavalin Group Inc., Southern Copper Corp., Tokyo Electric Power Company Holdings Inc. and Wal-Mart Stores Inc.

As of the end of 2018 the companies SNC Lavalin Group Inc. and Wal-Mart Stores Inc. were no longer assessed non-compliant with the UNGCP and they will therefore be removed from the exclusion list 2019.

The Fund does not invest in these excluded companies, although these companies are a constituent of the benchmark. The excluded companies represented 1.2% of the benchmark on 31 December 2018 (2017: 1.2%). The exclusion policy may therefore be a cause of a "tracking error" and deviation of the Fund's return relative to the benchmark.

Exclusion of countries
A number of countries are excluded from investment (in government bonds) on the basis of universally recognized condemnations. These are countries that are involved in serious human rights violations. In 2018, 13 countries were on the TKPI exclusion list based on this criteria (2017: 13 countries).

During 2018, there were no countries in the benchmark of the Fund that are on the TKPI exclusion list. The exclusion policy therefore had no effect on the Fund's return relative to the benchmark.

Outlook
In recent years the value of global assets invested according to sustainability principles has grown substantially. Increasingly, investors all over the world are paying closer attention to whether companies are developing and sustaining high environmental, social and governance standards. Furthermore, various government agencies and non-profit organizations (for example Eurosif) are appealing to asset owners to support and take an active part in the transition to sustainable and renewable energy.

Recent academic and commercial publications suggest that the performance of sustainable investment strategies can match or outperform those of traditional investment approaches. In particular, organizations with better policies and practices for managing the risks of external adverse social effects generated by their business operations are expected to outperform in the long-run. For this reason, environmental, social and governance performance is taken into account by an increasing number of investors. For many years, this ESG integration has been an important criterion in selecting our external managers. TKPI will continue to monitor and discuss this aspect of their investment strategy intensively.

To serve its clients' needs, TKPI continues to focus on developing and extending its expertise in sustainable investing. With this in mind TKPI began a project in 2017 aimed at evaluating the exposure of various asset classes to ESG risks and opportunities. In 2019 TKPI will continue to assess the performance of the Fund against ESG criteria. To intensify this effort, TKPI is also looking to increase cooperation with experts in the field of sustainable investing. One of the main goals is to investigate the value- impact of the climate-related developments within the Fund.

In the first half of 2018 TKPI started the assessment of the impact of climate change in the Funds. Climate change is an issue that affects all investment classes and economic sectors. It is an intricate process to model its impact. In the near future, TKPI looks to partner up with experts from various fields to develop tools that will help to better identify and manage climate risks inherent in the Fund.

Dutch Stewardship Code
The Dutch Stewardship Code was developed by Eumedion in cooperation with the Dutch Pension Federation and has been in effect since 1 January 2019. TKPI adheres to this code and describes in its policy how it implements stewardship for investee companies in the investment strategy. The policy covers all investments in private companies, both in shares and in fixed-income securities.

TKPI believes good stewardship is an essential part of the responsibility as a provider of capital to investee companies on behalf of the clients. Its stewardship activities are aimed at enhancing long-term value creation by its investee companies and consequently to the long-term risk-adjusted returns on the investments of the clients. Our stewardship policy consists of three key pillars: Screening, Engagement and Voting Policy of TKPI.

4.7 Statement set up conduct of business

At 31 December 2018 TKPI has a description available of their operational structure and control framework in the form of an ISAE 3402 report that complies with the requirements of article 4:14, first subsection of the Dutch Act on Financial Supervision. TKPI performed management testing to assess the operational effectiveness of the control framework during the past financial year. Our management testing did not give rise to any findings that would lead us to conclude that the description of the operational structure does not comply with the requirements of article 4:14, first subsection of the Dutch Act on Financial Supervision. On that basis we declare as manager that we have a description of the operational structure as referred to in article 4:14, first subsection of the Dutch Act on Financial Supervision.

In addition, we did not find that the operational structure does not operate effectively and in accordance with the description. We therefore declare with reasonable assurance that the operational structure operated effectively and in accordance with the description during the year under review.

The control framework in the form of an ISAE 3402 was independently tested by an external independent auditor that resulted in a type II assurance report for 2018.

Groningen, 29 March 2019

Aegon Investment Management B.V.

Coos Luning

Wouter Peters

5 Financial statements

5.1 Statement of financial position

Statement of financial position (after appropriation of result)					
(amounts x € 1,000)		**31 December 2018**		**31 December 2017**	
Assets					
Current assets					
Cash and cash equivalents	[1]	18,001		19,555	
Financial assets at fair value through profit or loss	[2]	429,773		434,486	
Outstanding transactions in financial instruments		269		17,645	
Outstanding transactions with holders of participations		1		-	
Other assets and receivables	[3]	8,029		7,477	
Total assets			**456,073**		**479,163**
Liabilities					
Current liabilities					
Financial liabilities at fair value through profit or loss	[4]	75		1	
Outstanding transactions in financial instruments		320		23,192	
Outstanding transactions with holders of participations		1		3,014	
Payables and other liabilities	[5]	162		266	
Total liabilities excluding net assets attributable to holders of participations			**558**		**26,473**
Net assets attributable to holders of participations	[6]		**455,515**		**452,690**
Total liabilities			**456,073**		**479,163**

The accompanying notes are an integral part of these financial statements.

5.2 Statement of comprehensive income

Statement of comprehensive income *(amounts x € 1,000)*			**2018**		**12 December 2017 through 31 December 2017**
Investment result					
Recognized net gains/(losses) on financial instruments at fair value through profit or loss	[7]	-21,180		-8,569	
Net interest income	[8]	27,525		1,267	
Dividend income		10		-	
Total investment result			**6,355**		**-7,302**
Other results					
Subscription and redemption fee income	[9]	124		-	
Other income		595		-344	
Total other results			**719**		**-344**
Charges	[10]				
Management fee (external)	[12]	-688		-27	
Other charges	[13]	-131		-15	
Total charges			**-819**		**-42**
Net result attributable to holders of participations			**6,255**		**-7,688**
Net result attributable to each participation class					
Participation Class A		6,250		-7,682	
Participation Class I		5		-6	
Net result attributable to holders of participations			**6,255**		**-7,688**

The accompanying notes are an integral part of these financial statements.

5.3 Statement of changes in net assets attributable to holders of participations

Statement of changes in net assets attributable to holders of participations			
	2018		
	Participations		
(amounts x € 1,000)	*Class A*	*Class I*	*Total*
Balance at 1 January	452,319	371	452,690
In kind subscriptions	-	-	-
Subscriptions	10,925	452	11,377
Redemptions	-14,406	-401	-14,807
Net change from participation transactions	**-3,481**	**51**	**-3,430**
Net result attributable to holders of participations	6,250	5	6,255
Total change in net assets attributable to holders of participations	**2,769**	**56**	**2,825**
Net assets attributable to holders of participations at 31 December	**455,088**	**427**	**455,515**

Statement of changes in net assets attributable to holders of participations			
	12 December 2017 through 31 December 2017		
	Participations		
(amounts x € 1,000)	*Class A*	*Class I*	*Total*
Balance at 12 December	-	-	-
In kind subscriptions	462,092	-	462,092
Subscriptions	136,339	539	136,878
Redemptions	-138,430	-162	-138,592
Net change from participation transactions	**460,001**	**377**	**460,378**
Net result attributable to holders of participations	-7,682	-6	-7,688
Total change in net assets attributable to holders of participations	**452,319**	**371**	**452,690**
Net assets attributable to holders of participations at 31 December	**452,319**	**371**	**452,690**

The accompanying notes are an integral part of these financial statements.

5.4 Statement of Cash Flows

Statement of Cash Flows *(amounts x € 1,000)*		**2018**		**12 December 2017 through 31 December 2017**
Cash flow from operating activities				
Purchase of financial instruments at fair value through profit or loss	-259,275		18,794	
Proceeds from sale of financial instruments at fair value through profit or loss	237,386		-6,364	
Proceeds/loss from interest	27,189		-5,394	
Dividend received	10		-	
Proceeds/loss from other income	591		-344	
Loss/proceeds from charges	-923		224	
Net cash flow from operating activities		**4,978**		**6,916**
Cash flow from financing activities				
Proceeds from subscriptions	11,376		136,878	
Payments for redemptions	-17,820		-135,578	
Proceeds from subscription and redemption fee	124		-	
Transfer of cash and cash equivalents	-		12,155	
Net cash flow from financing activities		**-6,320**		**13,455**
Net change in cash and cash equivalents		**-1,342**		**20,371**
Cash and cash equivalents at beginning of period		**20,371**		**-**
Net change in cash and cash equivalents	-1,342		20,371	
Cash and cash equivalents at end of period		**19,029**		**20,371**
Specification of balance				
Cash balances at banks	18,001		19,555	
Balance at Stichting TKP Pensioen Treasury	1,028		816	
Cash and cash equivalents		**19,029**		**20,371**

The accompanying notes are an integral part of these financial statements.

5.5 Notes to the financial statements

5.5.1 General

Profile
The Aegon Global Multi Manager High Yield Fund - Unhedged (hereafter the 'Fund') was established on 12 December 2017. As of 12 December 2017, the Fund has assets under management. The Fund is a multi-manager fund. The Fund is a mutual fund and qualifies as an Enterprise for collective investment in transferable securities (UCITS) within the meaning of Article 1:1 of the Dutch Act on Financial Supervision. The Fund is an undertaking for collective investment in transferable securities ('UCITS') within the meaning of Article 1, section 2 of the Directive 2009/65/EC on UCITS.

Issue of financial statements
The financial statements have been authorised for issue by the Fund Managers' board of directors on 29 March 2019.

Key figures
The 'Key figures' of the financial report are an integral part of the explanatory notes of the financial statements.

5.6 Financial risk management

5.6.1 Risk management and hedging

An acceptable risk level will be reached by a considerable degree of dispersion to bonds and sectors, and also sufficient dispersion to different Investment Managers and investment styles. The Fund Manager can employ both passive and active Investment Managers. Passive Investment Managers aim to invest as much as possible in conformity with the benchmark, whereas active Investment Managers intentionally incorporate deviations against the benchmark in their portfolio.

For both hedging and speculative purposes, the Fund can use other financial instruments, techniques, financial derivatives and structures. Some examples are cash and bond futures, currency forwards, currency futures, structured notes, money market instruments and/or units in funds investing in instruments that meet the above criteria. In the event that new techniques, instruments and/or other structures become available within the financial markets, which are suitable within the investment policy of the Fund and can be justified by the changed circumstances according to the Fund Manager, the Investment Manager is allowed to use certain techniques, instruments and/or structures. The use of the abovementioned instruments and techniques can increase the risk profile of the Fund.

5.6.2 Financial risks

The Fund's financial risks are managed through diversification of the financial instruments at fair value through profit or loss. For further explanation of the investment objectives, policies and processes, refer to the chapter explaining the investment objective, policies and processes.

Market risk

Market risk is the risk that the value of a financial instrument changes due to changes in the economic, political or market conditions. This risk is reduced by holding a diversified portfolio by industry sector and by country.

The Fund's diversification of financial instruments at fair value through profit or loss bought by significant industry sector at 31 December is as follows:

Overview market price risk by industry sector						
(amounts x € 1,000)	**31 December 2018**	%-of investments	%-of NAV	**31 December 2017**	%-of investments	%-of NAV
Sector						
Consumer, cyclical	71,482	16.5	15.7	70,219	16.2	15.5
Financial	71,001	16.5	15.6	78,720	18.0	17.4
Consumer, non-cyclical	65,300	15.2	14.3	59,375	13.7	13.1
Communications	60,138	14.0	13.2	59,034	13.6	13.0
Energy	58,300	13.6	12.8	56,439	13.0	12.5
Industrial	43,710	10.2	9.6	43,334	10.0	9.6
Materials	26,151	6.1	5.7	28,522	6.6	6.3
Other	33,670	7.9	7.4	38,467	8.9	8.5
Total financial assets at fair value through profit or loss	**429,752**	**100.0**	**94.3**	**434,110**	**100.0**	**95.9**

The Fund identifies each sector based on the classification of the individual investment as determined by BICS. The Fund has determined each sector as significant when the total amount of an individual sector represents at least 5% of the Fund's net asset value.

The table below details the sensitivity of a reasonable possible increase in fair value of 5% for each significant sector towards the Fund's NAV (and Statement of comprehensive income) at 31 December.

Overview sensitivity market price risk by industry sector						
(amounts x € 1,000)	**31 December 2018**	%-of investments	%-of NAV	**31 December 2017**	%-of investments	%-of NAV
Sector						
Consumer, cyclical	3,574	0.8	0.8	3,511	0.8	0.8
Financial	3,550	0.8	0.8	3,936	0.9	0.9
Consumer, non-cyclical	3,265	0.8	0.7	2,969	0.7	0.7
Communications	3,006	0.7	0.7	2,952	0.7	0.7
Energy	2,915	0.7	0.6	2,822	0.7	0.6
Industrial	2,185	0.5	0.5	2,167	0.5	0.5
Materials	1,308	0.3	0.3	1,426	0.3	0.3

A 5% decrease of each sector would have resulted in an equal but opposite effect on the above financial statement amounts to the amounts shown above, on the basis that all other variables remain constant. For the market price risk sensitivity analysis no FX conversion rate volatility was included.

Investments by country						
(amounts x € 1,000)	**31 December 2018**	%-of investments	%-of NAV	**31 December 2017**	%-of investments	%-of NAV
Country						
United States	260,461	60.6	57.2	260,599	60.1	57.7
Canada	18,281	4.3	4.0	18,221	4.2	4.0
Brazil	16,958	3.9	3.7	18,791	4.4	4.3
Luxembourg	14,255	3.3	3.1	10,531	2.4	2.3
United Kingdom	14,060	3.3	3.1	18,535	4.3	4.2
Spain	9,903	2.3	2.2	11,153	2.6	2.5
China	9,721	2.3	2.1	6,784	1.6	1.5
Netherlands	9,137	2.1	2.0	6,435	1.5	1.4
Italy	7,919	1.8	1.7	6,393	1.5	1.4
France	7,641	1.8	1.7	10,540	2.4	2.3
Israel	5,351	1.2	1.2	526	0.1	0.1
Germany	5,292	1.2	1.2	4,990	1.1	1.1
Argentina	4,276	1.0	0.9	7,230	1.7	1.6
Turkey	4,241	1.0	0.9	2,347	0.5	0.5
Ireland	3,996	0.9	0.9	4,685	1.1	1.0
Other	38,260	9.0	8.4	46,350	10.5	10.0
Total	**429,752**	**100.0**	**94.3**	**434,110**	**100.0**	**95.9**

Interest rate risk
Interest rate risk arises from the effects of fluctuations in the prevailing levels of markets interest rates on the fair value of financial assets and liabilities and future cash flow. The Fund holds fixed interest rate securities that expose the Fund to fair value interest rate risk. The Fund also holds a limited amount of cash and cash equivalents that expose the Fund to cash flow interest rate risk.

The following table summarize the Fund’s exposure to interest rate risks (interest rate sensitivity gap). It includes the Fund’s financial instruments at fair value through profit or loss, cash and cash equivalents and other assets or other liabilities, categorized by the earlier of contractual re-pricing or maturity dates.

Specification interest sensitivity gap at 31 December 2018

(amounts x € 1,000)	Less than 5 year	Between 5 and 10 years	Between 10 and 15 years	Between 15 and 20 years	More than 20 years	Non interest bearing	Total
Assets							
Cash and cash equivalents	18,001	-	-	-	-	-	18,001
Outstanding transactions in financial instruments	-	-	-	-	-	269	269
Financial assets at fair value through profit or loss	196,865	209,815	8,148	3,504	11,441	-	429,773
Other assets and receivables	-	-	-	-	-	8,030	8,030
Total assets	**214,866**	**209,815**	**8,148**	**3,504**	**11,441**	**8,299**	**456,073**
Liabilities							
Outstanding transactions in financial instruments	-	-	-	-	-	320	320
Payables and other liabilities	-	-	-	-	-	163	163
Net assets attributable to holders of participations	-	-	-	-	-	455,515	455,515
Financial liabilities at fair value through profit and loss	-	-	-	-	-	75	75
Total liabilities	**-**	**-**	**-**	**-**	**-**	**456,073**	**456,073**
Interest sensitivity gap	**214,866**	**209,815**	**8,148**	**3,504**	**11,441**	**-447,774**	**-**

Specification interest sensitivity gap at 31 December 2017							
(amounts x € 1,000)	Less than 5 year	Between 5 and 10 years	Between 10 and 15 years	Between 15 and 20 years	More than 20 years	Non interest bearing	Total
Assets							
Cash and cash equivalents	19,555	-	-	-	-	-	19,555
Outstanding transactions in Financial instruments	-	-	-	-	-	17,645	17,645
Financial assets at fair value through profit or loss	150,774	250,495	12,256	3,077	17,884	-	434,486
Other assets and receivables	-	-	-	-	-	7,477	7,477
Total assets	**170,329**	**250,495**	**12,256**	**3,077**	**17,884**	**25,122**	**479,163**
Liabilities							
Outstanding transactions in financial instruments	-	-	-	-	-	23,192	23,192
Payables and other liabilities	-	-	-	-	-	3,280	3,280
Net assets attributable to holders of participations	-	-	-	-	-	452,690	452,690
Financial liabilities at fair value through profit and loss	-	-	-	-	-	1	1
Total liabilities	**-**	**-**	**-**	**-**	**-**	**479,163**	**479,163**
Interest sensitivity gap	**170,329**	**250,495**	**12,256**	**3,077**	**17,884**	**-454,041**	**-**

At 31 December 2018, should interest rates have lowered by 50 basis points with all other variables remaining constant, the increase in net assets attributable to holders of redeemable shares (and Statement of comprehensive income) for the year would amount to approximately € 7,712,632 (2017: €10,733,824). If interest rates had risen by 50 basis points, the decrease in NAV (and Statement of comprehensive income) would amount to approximately € 7,712,632 (2017: €10,733,824).

Currency risk
The fund will have currency exposure to other currencies than the euro (mainly USD, CAD and GBP). Currency exposure will be similar to the weightings in the benchmark. Deviations in currency exposure between the Fund and the benchmark will be hedged. The sum of these absolute deviations of all (non-euro) is not permitted to exceed 3%.

Currency exposure at 31 December 2018				
(amounts x € 1,000)	Gross currency exposure	Currency contracts	Net currency exposure	Net currency exposure %-of NAV
United States Dollar	376,665	-6,930	369,735	81.2
Euro	71,446	3,531	74,977	16.5
United Kingdom Pound	7,436	2,772	10,208	2.2
Canada Dollar	22	573	595	0.1
Total	**455,569**	**-54**	**455,515**	**100.0**

Currency exposure at 31 December 2017				
(amounts x € 1,000)	Gross currency exposure	Currency contracts	Net currency exposure	Net currency exposure %-of NAV
United States Dollar	382,639	-18,622	364,017	80.4
Euro	60,499	13,666	74,165	16.4
United Kingdom Pound	9,183	4,736	13,919	3.1
Canada Dollar	-6	595	589	0.1
Total	**452,315**	**375**	**452,690**	**100.0**

Credit and counterparty risk

Credit and counterparty risk arising from the inability of counterparties to meet the terms of the Fund's financial instrument contracts is limited as it is the Fund's policy to enter into financial instruments with a diversity of creditworthy counterparties. All transactions in securities are settled/paid for upon delivery using approved brokers. Regarding to securities, the risk of default is considered minimal, as delivery of securities sold takes place once the broker has received payment. Payment is made on a purchase once the securities have been received by the custodian. The trade will fail if either party fails to meet their obligation.

The Fund's financial instruments designated at fair value through profit or loss include bonds and are therefore exposed to credit risk. The carrying amounts of financial assets best represent the maximum credit risk exposure at the statement of financial position date. Concentrations of significant credit risk exist regarding the investment in bonds as disclosed below.

Overview financial assets by rating category						
(amounts x € 1,000)	**31 December 2018**	%-of investments	%-of NAV	**31 December 2017**	%-of investments	%-of NAV
Rating						
AA	169	0.0	0.0	-	-	-
A	-	-	-	179	0.0	0.0
BBB	13,619	3.2	3.0	6,905	1.6	1.5
BB	151,230	35.2	33.2	142,200	32.8	31.4
B	184,656	43.0	40.5	193,120	44.7	42.7
CCC	54,275	12.6	11.9	70,298	16.2	15.5
CC	262	0.1	0.1	202	0.0	0.0
C	1,362	0.3	0.3	1,321	0.3	0.3
D and lower	24	0.0	0.0	1,332	0.3	0.3
Other or no rating	24,155	5.6	5.3	17,893	4.1	4.0
Total	**429,752**	**100.0**	**94.3**	**433,450**	**100.0**	**95.7**

The classification of the credit ratings is based on a composite rating based on the median of agency ratings provided by Standard & Poor's, Moody's and Fitch (or lesser of these agency ratings when not all three agencies provide ratings).

The positions in cash and cash equivalents at Stichting TKP Pensioen Treasury are not included in the above schedule because they are not rated by any credit rating agency.

The maximum amount of credit risk the Fund is exposed to is € 455,786,000 (2017: € 478,503,000). None of the assets have been impaired.

Liquidity risk

The Fund's Articles of Association provide for the daily creation and cancellation / redemption of participations and therefore the Fund is exposed to liquidity risk of meeting participant redemptions. The Fund invests directly and indirectly in securities which are considered to be readily realizable, thus reducing liquidity risk exposure. At 31 December 2018 all other financial assets and liabilities have a contractual maturity date within one month (2017: one month) except for cash and cash equivalents which have indefinite maturity.

Fair value of other financial assets and financial liabilities

There is no material difference between the value of the other financial assets and liabilities, as shown in the statement of financial position, and their fair value due to their short term nature.

Cross class risk

Notwithstanding that the participations may be issued in different classes, with separate accounting records, contributions, portfolio investments and investment results, the Fund is a single entity and the insolvency of the Fund would affect all issued participations regardless of class, with the net assets attributable to each class of participations available to satisfy the excess liabilities of another class.

5.7 Notes to specific items of the financial statements

1. Cash and cash equivalents

The total amount held in investment grade fixed income securities, government bonds, and cash is not permitted to exceed 25% of the aggregate value of the Fund. This limit may be exceeded due to cash held at the Fund level for margin requirements.

Leverage is not allowed. Due to market movements, leverage can occur within the Fund. The Manager will use commercially reasonable efforts to cure any inadvertent breach of this provision caused by market movements.

2. Financial instruments at fair value through profit or loss

Investments specified by instrument		
(amounts x € 1,000)	**31 December 2018**	**31 December 2017**
Debt instruments	429,465	433,450
Equity instruments	287	660
Forwards	-54	375
Total financial instruments at fair value through profit or loss	**429,698**	**434,485**

The debt instruments consist primarily of corporate bonds.

Investments specified by valuation technique		
(amounts x € 1,000)	**31 December 2018**	**31 December 2017**
Quoted financial instruments traded in active markets (Level 1)	412,306	434,110
Financial instruments valued by valuation techniques using market observable inputs (Level 2)	17,392	375
Total financial instruments at fair value through profit or loss	**429,698**	**434,485**

The level in the fair value hierarchy within which the financial instruments are categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement of the financial instruments in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement of the financial instruments in its entirety. If a fair value measurement of a financial instrument uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement of the financial instruments in its entirety requires judgment, considering factors specific to the asset or liability. The determination of what constitutes 'observable' requires judgment by the Fund. For classification as level 2, the Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market, including but not limited to recent market trades.

There have been no transfers between level 1 and level 2 financial instruments during the period.

Investments specified by market		
(amounts x € 1,000)	**31 December 2018**	**31 December 2017**
Admitted to a quotation of a regulated market (Exchange quoted)	429,752	434,110
Traded on a regular or other market in financial instruments (Exchange or market traded)	-54	375
Total	**429,698**	**434,485**

Debt instruments movement		
(amounts x € 1,000)	**2018**	**12 December 2017 through 31 December 2017**
Opening balance	433,450	-
Transfers in kind	-	449,937
Purchases	236,297	3,733
Sales	-219,820	-11,272
Revaluation	-20,462	-8,948
Closing balance at 31 December	**429,465**	**433,450**

Equity movement		
(amounts x € 1,000)	**2018**	**12 December 2017 through 31 December 2017**
Opening balance	660	-
Purchases	106	665
Sales	-355	-8
Revaluation	-124	3
Closing balance at 31 December	**287**	**660**

Forwards movement		
(amounts x € 1,000)	**2018**	**2017**
Opening balance	375	-
Sales	165	-1
Revaluation	-594	376
Closing balance at 31 December	**-54**	**375**
Split of forward positions		
Assets	21	376
Liabilities	-75	-1
Closing balance at 31 December	**-54**	**375**

3. Other assets and receivables

Specification other assets and receivables		
(amounts x € 1,000)	**31 December 2018**	**31 December 2017**
Accrued interest	6,997	6,661
Receivable Stichting TKP Pensioen Treasury	1,028	816
Other receivables	4	-
Total	**8,029**	**7,477**

Regarding Stichting TKP Pensioen Treasury there are no given or received garantees and interest rate is euribor 1-month minus 0.125% per annum with a minimum of ECB deposit interest rate +0.0% per annum for amounts up to € 100 million. Above € 100 million the minimum interest rate is ECB deposit interest rate minus 0.1% per annum.

4. Financial liabilities at fair value through profit or loss

Investments specified by instrument		
(amounts x € 1,000)	**31 December 2018**	**31 December 2017**
Forwards	75	1
Total financial liabilities at fair value through profit or loss	**75**	**1**

The futures are classified as level 1 (quoted prices in active markets) and the forwards as level 2 (based on market observable inputs).

5. Payables and other liabilities

Specification payables and other liabilities *(amounts x € 1,000)*	**31 December 2018**	**31 December 2017**
Investment management fee payable	150	149
Other liabilities	12	117
Total	**162**	**266**

6. Net assets attributable to holders of participations

Specification net assets attributable to holders of participations *(amounts x € 1,000)*	**31 December 2018**	**31 December 2017**
Participations class A	455,088	452,319
Participations class I	427	371
Total	**455,515**	**452,690**

Movement in net assets attributable to holders of participations 2018

(amounts x € 1,000)	*Class A*			*Class I*		
	Cash	*Non-cash*	*Total*	*Cash*	*Non-Cash*	*Total*
Opening balance at 1 January	452,319		452,319	371		371
Subscriptions	10,925	-	10,925	452	-	452
Redemptions	-14,406	-	-14,406	-401	-	-401
Dividend income	10	-	10	-	-	-
Interest income	27,502	-	27,502	23	-	23
Revaluation investments and derivatives	-21,162	-	-21,162	-18	-	-18
Other results assets and liabilities	718	-	718	1	-	1
Charges	-818	-	-818	-1	-	-1
Total movement	**2,769**	**-**	**2,769**	**56**	**-**	**56**
Closing balance at 31 December	**455,088**	**-**	**455,088**	**427**	**-**	**427**

Movement in net assets attributable to holders of participations 2017						
(amounts x € 1,000)	*Class A*			*Class I*		
	Cash	*Non-cash*	*Total*	*Cash*	*Non-Cash*	*Total*
Opening balance at 12 December	-		-	-		-
Subscriptions in kind	-	462,092	462,092	-	-	-
Subscriptions	136,339	-	136,339	539	-	539
Redemptions	-138,430	-	-138,430	-162	-	-162
Interest income	1,266	-	1,266	1	-	1
Revaluation investments and derivatives	-8,562	-	-8,562	-7	-	-7
Other results assets and liabilities	-344	-	-344	-	-	-
Charges	-42	-	-42	-	-	-
Total movement	**-9,773**	**462,092**	**452,319**	**371**	**-**	**371**
Closing balance at 31 December	**-9,773**	**462,092**	**452,319**	**371**	**-**	**371**

Movement in participations 2018			
	Class A	*Class I*	*Total*
Opening balance at 1 January	4,599,577	3,771	4,603,348
Number of participations subscribed	1,785,431	4,677	1,790,108
Number of participations redeemed	-1,818,040	-4,169	-1,822,209
Balance as at 31 December	**4,566,968**	**4,279**	**4,571,247**

Movement in participations 2017			
	Class A	*Class I*	*Total*
Opening balance at 12 December	-	-	-
Number of participations subscribed	5,992,303	5,402	5,997,705
Number of participations redeemed	-1,392,726	-1,631	-1,394,357
Balance as at 31 December	**4,599,577**	**3,771**	**4,603,348**

Participations and participation classes

The Fund may issue different classes of participations. Within each participation class, a participation will entitle the holder thereof to a proportional part of the net asset value and benefits of the Fund in relation to that participation class. Participation classes may be used to account for potential differences in the fiscal status of the participants regarding specific country, investor identity and/or tax aspects. Additionally a participation class may have its own specific subscription and redemption charge structure, fee structure and/or minimum subscription amount. The value of participation within a participation class is determined by the terms as described in the Fund Facts of the prospectus.

The Title Holder and the Fund Manager may suspend redemption of participations if:

- (i) the Fund Manager has objections due to facts and circumstances on the markets where the assets of the Fund are traded;
- (ii) the redemption of participations would be prejudicial to the interests of the participants as a whole or individually; or
- (iii) in case of suspension of valuations.

Capital risk management

The capital of the Fund is represented by the net assets attributable to holders of redeemable participations. The amount of net asset attributable to holders of redeemable participations can change significantly on a weekly basis, as the Fund is subject to weekly subscriptions and redemptions at the discretion of participants, as well as changes resulting from the Fund's performance. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for participants, provide benefits for other stakeholders and maintain a strong capital base to support the development of the investment activities of the Fund.

Investor concentration

The Fund has two participants on 31 December 2018. This means the Fund is exposed to investor concentration risk. The risk of inability to finance redemption requests is however very limited due to the liquid nature of the investment portfolio.

Overview subscription and redemption fee per participation class	**2018**	**2017**
Participations class A	0.50%	0.50%
Participations class I	0.50%	0.50%

7. Recognized net gains/losses on financial instruments at fair value through profit or loss

The following table details the results on financial instruments at fair value through profit or loss split into realized and unrealized results:

Recognized net gains/losses on financial instruments at fair value through profit or loss	**2018**		**12 December 2017 through 31 December 2017**	
(amounts x € 1,000)	Gains	Losses	Gains	Losses
Realized results debt instruments	2,346	-5,732	13	-71
Unrealized results debt instruments	5,365	-22,441	467	-9,357
Realized results equity	29	-22	-	-
Unrealized results equity	7	-138	21	-18
Realized results forwards	3,205	-3,370	-	-
Unrealized results forwards	22	-451	377	-1
Total net gains and losses	**10,974**	**-32,154**	**878**	**-9,447**

8. Net interest income
The following table details the split of the net interest income into interest income and interest expenses during the period:

Specification net interest income				
	2018		**12 December 2017 through 31 December 2017**	
(amounts x € 1,000)	Income	Expenses	Income	Expenses
Financial instruments designated at fair value through profit or loss	27,525	-	1,267	-
Total	**27,525**	**-**	**1,267**	**-**

9. Subscription and redemption fee income
The following table details the subscription and redemption fee income during the period:

Specification subscription and redemption fee income		
(amounts x € 1,000)	**2018**	**12 December 2017 through 31 December 2017**
Participations class A	124	-
Participations class I	-	-
Total	**124**	**-**

10. Charges

Transaction costs
Transaction costs are borne by the Fund and the participation classes in relation to the proportional part of the fund investments. Transaction costs on financial instruments are expensed immediately as charges, while on other financial instruments they are amortized if applicable.

Independent auditor
The Fund Manager appointed PricewaterhouseCoopers Accountants N.V. as the independent auditor. The independent auditor's remuneration consists wholly of the audit fee for audit of the annual report. The independent auditor does not provide any other audit or non-audit services to the Fund.

11. Investment management fee
According to the prospectus the investment management fee is determined per participation class. The investment manager fee is calculated on the basis of a percentage of the net asset value per participation class. The investment management fee is disclosed separately in the Statement of comprehensive income and is borne by the Fund and the participation classes in accordance to conditions in the prospectus.

12. Management fee (external)

Specification management fee (external) *(amounts x € 1,000)*	**2018**	**12 December 2017 through 31 December 2017**
Base fee external investment manager	570	25
Performance fee external investment manager	118	2
Total	**688**	**27**

13. Other charges

Specification other charges *(amounts x € 1,000)*	**2018** *Class A*	*Class I*	*Total*
Audit fee	10	0	10
Administrative and bank costs	13	0	13
Supervisory costs	5	0	5
Depository fee	38	0	38
Pricing expenses	53	0	53
Other charges	12	0	12
Total	**131**	**0**	**131**

Specification other charges *(amounts x € 1,000)*	**12 December 2017 through 31 December 2017** *Class A*	*Class I*	*Total*
Audit fee	10	0	10
Supervisory costs	4	0	4
Depository fee	-	0	0
Pricing expenses	-	0	0
Other charges	1	0	1
Total	**15**	**0**	**15**

Foreign currency translation
Realized and unrealized exchange differences consist of realized and unrealized translation gains and losses on assets and liabilities other than financial instruments at fair value through profit or loss.

The following closing rates have been applied in preparation of these financial statements:

Overview closing rate foreign currencies *(The equivalent of € 1)*	**31 December 2018**	**31 December 2017**
Canada dollar	1.561313	1.504543
United Kingdom pound	0.897574	0.887673
United States dollar	1.143150	1.200800

14. Ongoing charges figure

Specification ongoing charges figure Class A *(amounts x € 1,000)*	**2018**	**12 December 2017 through 31 December 2017**
Total charges within the Fund	684	42
Total charges	**684**	**42**
Average net asset value	458,969	459,126
Ongoing charges Class A	0.15%	0.01%

Specification ongoing charges figure Class I *(amounts x € 1,000)*	**2018**	**12 December 2017 through 31 December 2017**
Total charges within the Fund	1	0
Total charges	**1**	**0**
Average net asset value	378	379
Ongoing charges Class I	0.15%	0.01%

The ongoing charges figure reflects the ratio between the ongoing charges of the investment institution over the reporting period and the average net asset value. Subscription and redemption fee, performance fee, transaction costs and interest on borrowing are not included in the calculation of the ongoing charges figure. Any costs which have not been taken into account are borne by the Fund Manager. The average net asset value is based on the daily NAVs of the financial year.

15. Turnover ratio

Turnover ratio *(amounts x € 1,000)*	2018	2017
Purchases of investments	236,403	4,398
Sales of investments	220,340	11,281
Total of investment transactions	**456,743**	**15,679**
Subscriptions to participations	11,377	136,878
Redemptions of participations	14,807	138,592
Total of participation transactions	**26,184**	**275,470**
Average net asset value	459,347	459,504
Turnover ratio	94	-

The turnover ratio of the assets gives an indication of the turnover of the investments of the Fund. In this way an impression is given regarding the level of active management. The turnover ratio gives information about the relative transaction costs. The turnover ratio is calculated as follows:

[(Total 1 -/- Total 2) / Average NAV] * 100
Total 1 = purchases +/+ sales of financial assets at fair value through profit or loss by the Fund
Total 2 = subscriptions +/+ redemption by the Fund

The Average NAV is based on the daily NAVs of the financial year.

16. Transactions with related parties

The Fund engages in transactions with Stichting TKP Pensioen Treasury for treasury and transaction processing purposes. All subscriptions and redemptions that relate to the participants of the Fund are wired to and from Stichting TKP Pensioen Treasury. The amounts invested by the investment manager(s) are wired from Stichting TKP Pensioen Treasury to the respective bank account(s) managed by the external manager(s). The amounts involved are disclosed within 5.4 Statement of Cash Flows. All transactions took place at arm’s length. TKP Investments is the fund manager which provides key management services and is therefore a related party. There were no financial transactions during 2018 and 2017 between the fund and TKP Investments. At TKP Investment only the board of directors and the other Identified Staff (based on AIFMD criteria) are considered key management, as they determine and monitor the company’s operational and financial policies.

The Fund does not engage in transactions with other related parties.

Overview external investment manager transactions and balances	31 December 2018		31 December 2017	
(amounts x € 1,000)	Paid	Balance	Paid	Balance
Management fee	649	150	-	111
Performance fee	38	-	-	38
Total	**687**	**150**	**-**	**149**

17. Personnel

The Fund did not employ any personnel during the reporting period.

18. Remuneration
TKPI uses a modern evaluation and remuneration system. Objectives for each employee are defined at the beginning of the year. In the assessment over a year it is determined to what extent these objectives have been achieved, and if the employee has not yet reached its maximum salary, this will affect the salary of the following year.

The remuneration policy is designed to maintain highly qualified professionals (considering the remuneration at competitors) and, if necessary, to be able to attract them.

The fixed income of employees of TKPI consists of a monthly salary, a flexible budget (inter alia holiday pay and 13th month), pension and other secondary benefits that are custom in the Dutch market.

Some of the employees within TKPI are eligible for variable pay. This forms an integral part of the overall benefits package. For the calculation of the annual budget for variable pay, the so-called bonus pool methodology is used. The height of the bonus pool (in other words the budget) is calculated by comparing the operating results to pre-set targets. These consist of a mix of long and short term fund performance, customer satisfaction, profitability, sales, risk management and Aegon N.V. business performance. The award of variable pay, within this budget, is based on individual performance. Both the bonus pool and the award of variable remuneration on an individual level include performance measures up to a maximum of 40% of non-risk adjusted financial performance indicators and for minimal 50% of non-financial indicators.

Employees who do not qualify for variable pay, can under strict conditions, be awarded a bonus.

The condition for variable remuneration is that this does not conflict with the interests of TKPI customers. The remuneration policy is designed to encourage employees to work at TKPI for a longer period of time. This (variable) remuneration policy meets the social standards, codes and (inter) national regulations.

Based on AIFMD criteria, eight employees are designated as Identified Staff. This concerns the entire Board (4 persons) and four other Identified Staff. With regard to the eligibility for a certain fixed income and variable remuneration, there is no distinction between Identified Staff and other staff. In the area of personal objectives and payment of variable remuneration other rules apply. The personal objectives of Identified Staff are first assessed on the degree of risk and, if necessary, adjusted accordingly. In addition, variable remuneration to Identified Staff is not paid in cash at once. The first 40% or 60% will be paid immediately after the performance year, of which half in cash and half in financial instruments. The remaining 60% or 40% will be paid in equal instalments over three years thereafter, also to every part one half in cash and half in financial instruments, the so-called phantom shares. Before each of these parts is paid, it is determined whether there are facts based on which variable remuneration should be adjusted downwards. The phantom shares are linked to the performance of the main funds managed by the fund manager. The shares are held for one year after these are granted before they are settled and paid to the employee in cash.

Aegon Asset Management (AAM) employs a Remuneration Committee consisting of the CEO AAM, the CFO AAM, Global Head of HR AAM, the Global Reward Specialist AAM, the Head of Group HR Aegon and the CEO Aegon. The Board of TKP Investments is responsible for awarding the remuneration.

Remuneration within TKPI is based on the Aegon Global Remuneration Framework and is in line with AIFMD requirements. The remuneration policy is established by the Remuneration Committee and approved by the Board. ORM & Compliance checks the policy for compliance with AIFMD. The amounts in the tables below are the amounts recognized as expense during the reporting period at TKPI for employees and temporary staff.

Personnel compensation for the financial year 2018					
(amounts x € 1,000)	Number of personnel	Number of FTE	Fixed salary	Variable remuneration	Post employment benefits
Board of directors	4	4.0	662	179	93
Other Identified Staff	4	4.0	611	178	79
Other not-Identified Staff	146	118.3	10,047	796	1,159
Total	**154**	**126.3**	**11,320**	**1,153**	**1,331**

Personnel compensation for the financial year 2017					
(amounts x € 1,000)	Number of personnel	Number of FTE	Fixed salary	Variable remuneration	Post employment benefits
Board of directors	4	4.0	943	291	108
Other Identified Staff	4	4.0	557	190	66
Other not-Identified Staff	142	113.1	10,007	816	983
Total	**150**	**121.1**	**11,507**	**1,297**	**1,157**

TKPI employees do not have interests in the Fund, hence the Fund did not distribute capital to TKPI employees. The remuneration of TKPI employees cannot be allocated to individual funds since the remuneration is also based on services provided to clients and other variables such as market developments, manager performance, etc. In addition, TKPI employees are not exclusively working for one fund. No carried interest exists.

19. Outsourcing and other services from third parties

Fund Accounting Service provider
Citibank N.A. (London branch)
1 North Wall Quay
Dublin
Ireland

Legal Advisor
Clifford Chance LLP
Droogbak 1a
1013 GE Amsterdam
The Netherlands

Tax Advisor
KPMG Meijburg
Laan van Langerhuize 9
1186 DS Amstelveen
The Netherlands

20. Proposal for profit appropriation
In accordance with the prospectus, the Fund has reinvested all earnings.

5.8 Significant accounting policies

Basis for preparation
The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU), with Part 9 of Book 2 of the Netherlands Civil Code (Burgerlijk Wetboek) and the Dutch Financial Supervision Act (Wet op het financieel toezicht). The accounting policies have been consistently applied by and are consistent with those used in the previous reporting period.

Calculations in this annual report may include (optical) rounding differences at the decimal level of presented numbers which is caused by the fact that most numbers are presented in thousands.

Historical cost basis
The financial statements have been prepared on a historical cost basis, except for 'financial assets and liabilities at fair value through profit or loss at inception'.

New standards, amendments and interpretations to existing standards which are relevant to the Fund and have been implemented during the reporting period
IFRS 9 Financial Instruments, as endorsed by the EU on 22 November 2016 is effective as per 1 January 2018. The package of improvements introduced by IFRS 9 includes a logical model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. IFRS 9 is not having a substantive effect on the financial statements. The Fund measures and continues to measure its financial instruments at fair value through profit or loss. The amount of fair value under IFRS 9 remains unchanged compared to the fair value under IAS 39, only the classification names 'held for trading' and 'designated at fair value through profit or loss' no longer exist. Therefore the Fund's net assets attributable to holders of participations and net result attributable to holders of participations is not affected by the introduction of the expected credit loss model. The Fund also doesn't apply hedge accounting.

IFRS 15 Revenue from contracts with customers (as of 1 January 2018) establishes a framework for determining when to recognize revenue and how much revenue. The standard has no impact on the fund because all revenues fall within the scope of IFRS 9.

Determination of results
The determination of realized and unrealized results is based on the difference between the sales price and the average historical cost price.

Foreign currency
A foreign currency transaction is recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. Foreign currency monetary items are translated by the closing rate. Non-monetary items that are measured in historical costs in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined. Exchange rate differences on monetary items are recognized in the Statement of comprehensive income when they arise, except when they are deferred in net assets as a result of a qualifying cash flow or net investment hedge. Exchange differences on non-monetary items are recognized in net assets or the Statement of comprehensive income, consistently with other gains and losses on these items.

Reporting and functional currency
The reporting and functional currency of the Fund is the euro due to the establishment of the Fund in the Netherlands and the issue of participations in EUR.

Collateral

With the exception of cash collateral, assets received as collateral are not separately recognized as an asset until the financial asset they secure is foreclosed. When cash collateral is recognized, a liability is recorded for the same amount. Cash collateral is not included as part of cash and cash equivalents and is presented separately.

Repurchase agreements

Financial assets that are transferred subject to a repurchase agreement at a fixed price are not derecognized as the Fund retains substantially all the risks and rewards of the asset. A security that has been received under a reverse purchase agreement is not recognized as an asset. A receivable is recognized for any cash collateral paid by the Fund.

Financial assets and liabilities at fair value through profit or loss

(a) Classification

Financial assets can be measured at amortized cost (AC), fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The classification of debt instruments is determined by the business model under which the assets are held and whether the contractual cash flows are solely payments of principal and interest (SPPI).

The business model is determined at a portfolio level. Portfolios are based on how the fund manages financial assets as a group to achieve a particular business objective. The business model assessment is based on the level of sales, risk management, performance evaluation, and management compensation. Three business models are distinguished:

1. A 'hold to collect' business model, in which cash flows are primarily generated by collecting contractual cash flow until maturity of the financial instrument. Sales can occur, as long as they are incidental, infrequent and insignificant. The assessment of frequency and significance of sales is determined based on comparison with sales in the underlying portfolio. Sales that result from increases in credit risk of the counterparty or take place close to maturity do not contradict the hold to collect business model.
2. A 'hold to collect and sell' business model, in which the selling of financial assets is integral to achieving the business objective. In this business model sales take place more frequently and have a greater value compared to a business model with an objective to hold to collect
3. 'Other' business models not meeting the criteria of the business models mentioned before, for example business models in which financial assets are managed with the objective of realizing cash flows through sales (trading book) or are managed and whose performance is evaluated on a fair value basis. The entity is primarily focused on fair value information, and it uses that information to assess the assets' performance and to make decisions. These financial assets must be measured at FVTPL.

After determining the business model, the contractual cash flows of financial assets have to be assessed. Debt instruments can only be classified at amortized cost or FVOCI when the contractual cash flows are SPPI compliant. Contractual cash flows that are SPPI are consistent with a basic lending arrangement in which consideration for the time value of money and credit risk are typically the most significant interest elements. Instruments that do not meet the SPPI requirements are mandatory measured at FVTPL.

All debt instruments were analyzed as part of the transition to IFRS 9 which has not resulted in any changes because the debt instruments were already measured at FVTPL and remain measured as FVTPL under IFRS 9. The reason for this is that under IFRS 9 all debt instruments fall within the category 'other' business models (managed and whose performance is evaluated on a fair value basis and the fund is primarily focused on fair value information, and it uses that information to assess the assets' performance and to make decisions).

The fund has chosen not to elect the FVOCI option for equity securities and therefore these instruments are measured at FVTPL. Derivatives are measured at FVTPL.

The Fund classifies its investments in debt instruments, equity securities and derivatives, as financial assets or financial liabilities at fair value through profit or loss.

(b) Recognition and derecognition
Regular purchases and sales of investments are recognized on the trade date – the date on which the Fund commits to purchase or sell the investment. Financial assets and financial liabilities at fair value through profit or loss are initially recognized at fair value (transaction price). In case of financial instruments held for trading, fair value is assed for transaction costs that are directly attributable to the acquisition or issue of these financial instruments.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

When the Fund purchases an option, an amount equal to fair value which is based on the premium paid is recorded as an asset. When the Fund writes an option, an amount equal to fair value which is based on the premium received by the Fund is recorded as a liability. When options are closed, the difference between the premium and the amount paid or received, net of brokerage commissions, or the full amount of the premium if the option expires worthless, is recognized as a gain or loss and is presented in the statement of comprehensive income within recognized net gains/(losses) on financial instruments at fair value through profit or loss.

(c) Measurement
Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the financial assets or financial liabilities at fair value through profit or loss' are presented in the statement of comprehensive income within recognized net gains/(losses) on financial instruments at fair value through profit or loss in the period in which they arise. Transaction costs on financial instruments at fair value through profit or loss are expensed immediately as charges, while on other financial instruments they are amortized if applicable. Dividend income from financial assets at fair value through profit or loss is recognized in the statement of comprehensive income within dividend income when the Fund's right to receive payments is established. Interest on debt securities at fair value through profit or loss is recognized in the statement of comprehensive income within interest income based on the effective interest rate. Dividend expense on short sales of equity securities is included within recognized net gains/(losses) on financial instruments at fair value through profit or loss.

(d) Fair value estimation
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

For all financial instruments which are listed or otherwise traded in an active market (such as publicly traded derivatives and trading securities), fair value is determined directly from those quoted market prices and is based on mid prices, further referred to as 'Level 1'. The Fund utilises the last traded market price for both financial assets and financial liabilities where the last traded price falls within the bid-ask spread.

Where the market for a financial instrument is not active, fair value is established using a valuation technique. These valuation techniques involve a degree of estimation, the extent of which depends on the instrument's complexity and the availability of market-based data.

Where inputs are based on market observable data the measurement classification is further referred to as 'Level 2'. Where such data is not market observable, it is estimated by the Fund and is further referred to as 'Level 3'. A valuation technique might incorporate both observable market data and unobservable inputs.

The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs. When unobservable inputs are significant to the fair value measurement, the resulting valuation will be disclosed as Level 3.

Fair values of derivative financial instruments are obtained from quoted market prices.

(e) Transfers between levels of the fair value hierarchy
Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting period.

Cash and cash equivalents

Cash and cash equivalents consist of cash balances with banks, deposits and other short term highly liquid investments. Cash and cash equivalents are measured at the nominal amount and have a maturity date of one month or less, except for cash balances with banks that have indefinite maturity.

Other assets and receivables

Other assets and receivables include trade and other receivables, receivables from Stichting TKP Pensioen Treasury, accrued interest, accrued dividend, tax reclaims and prepaid expenses. Other assets and receivables are measured at the amount that is expected to be received or, if applicable, paid in advance.

Participations

The Fund issues two classes of daily redeemable participations, which are redeemable at the holder's option and do not have identical rights. Such participations are classified as financial liabilities. Redeemable participations can be offered to the Fund at any dealing date for cash equal to a proportionate share of the Fund's net asset value attributable to the participations class. The redeemable participations are carried at the redemption amount that is payable at the statement of financial position date if the holder exercises the right to put the share back to the Fund. Redeemable participations are issued and redeemed at the holder's option at prices based on the Fund's net asset value per participation at the time of issue or redemption. The Fund's net asset value per participation is calculated by dividing the net assets attributable to the holders of each class of redeemable participations with the total number of outstanding redeemable participations for each respective class. In accordance with the provisions of the Fund's regulations, investment positions are valued based on the last traded market price for the purpose of determining the net asset value per participation for subscriptions and redemptions.

Payables and other liabilities

Payables and other liabilities include trade and other payables and expenses to be paid and liabilities to Stichting TKP Pensioen Treasury. Payables and other liabilities are measured at the amount that is expected to be paid.

Investment income

Investment income includes interest, income from subscription and redemption fee and other income. Interest on debt securities is accrued on a time-proportionate basis, by reference to the principal outstanding and at the effective interest rate applicable. Interest income is recognized gross of withholding tax, if any.

Subscription and redemption fee

Participants of participation classes have to pay a fee for subscription and redemption, based on the amount of the subscription or redemption. The proceeds for subscription and redemption fee are to the benefit of the applicable participation class to insulate the other participants of the participation class for transactions costs caused by subscriptions and redemptions. The fee is disclosed as subscription and redemption fee in the Statement of comprehensive income, as part of Other Income.

Charges

Charges are measured at the amount that is expected to be paid and are recognized as they are accrued.

Taxation

The Fund is fiscal transparent for Dutch corporate and income tax and therefore the Fund is exempted from paying taxes on income, profits or capital gains. Distributions to holders of participations will be subject to taxation at the individual participant.

Significant accounting estimates and judgments

Application of the accounting policies in the preparation of the financial statements requires the Fund Manager to apply judgment involving assumptions and estimates concerning future results and other developments, including the likelihood, timing or amount of future transactions or events. The Fund has no significant accounting estimates that require complex estimates or significant judgment in applying its accounting policies.

Cash flow statement

The cash flow statement is drawn up in accordance with the direct method whereby the operational income and expenditure and cash flow arising from financing activities are presented separately. Cash flows from financing activities include proceeds from subscriptions and payments for redemptions of participations of the Fund. The cash and cash equivalents in the cash flow statement comprise the cash balances with banks, deposits borrowed and other short term investments. This definition differs from the definition of the statement of financial position. The statement of financial position classifies assets as cash and cash equivalents and liabilities as payables and other liabilities. Purchases and proceeds of sales of investments are inclusive of bought or sold accrued interest. The proceeds of sales of investments sales are presented based on the basis of market value. The cash flow statement has been drawn up based on settled transactions. In the movement schedule of investments the purchases and proceeds are drawn up taking into account the recognition and derecognition principles of investments. Due to these principles the purchases and proceeds in the flow statement of investments differ from the flows in the cash flow statement. The cash flow arising from derivatives are included on a net cash flow basis.

Cash flow statement foreign currency

Cash flows in foreign currency are converted against the exchange rate at the date of transaction. The effect of exchange rates is presented separately.

6 Other information

6.1 Statement interests board members of the Fund Manager

The board members of the Fund Manager did not hold any interests in the assets of the Fund during the financial period.

6.2 Independent auditor's report

To: the Fund Manager of Aegon Global Multi Manager High Yield Fund – Unhedged

Report on the financial statements 2018

Our opinion
In our opinion, Aegon Global Multi Manager High Yield Fund – Unhedged's financial statements give a true and fair view of the financial position of the Fund as at 31 December 2018, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited
We have audited the accompanying financial statements 2018 of Aegon Global Multi Manager High Yield Fund – Unhedged, Groningen ('the Fund').

The financial statements comprise:
- the statement of financial position as at 31 December 2018;
- the following statements for 2018: the income statement, the statements of comprehensive income, changes in equity and cash flows; and
- the notes, comprising the significant accounting policies and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code.

The basis for our opinion
We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of Aegon Global Multi Manager High Yield Fund – Unhedged in accordance with the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO – Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA – Code of Ethics for Professional Accountants, a regulation with respect to rules of professional conduct).

Report on the other information included in the annual report
In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- general fund information;
- profile;
- key figures;
- investment management report;
- other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those performed in our audit of the financial statements.

The Fund Manager is responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Responsibilities for the financial statements and the audit
Responsibilities of the Fund Manager
The Fund Manager is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the Fund Manager determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Fund Manager is responsible for assessing the Fund's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Fund Manager should prepare the financial statements using the going-concern basis of accounting unless the Fund Manager either intends to liquidate the fund or to cease operations, or has no realistic alternative but to do so. The Fund Manager should disclose events and circumstances that may cast significant doubt on the Fund's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements
Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our audit opinion aims to provide reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Groningen, 29 March 2019
PricewaterhouseCoopers Accountants N.V.

H.D.M. Plomp RA

Appendix to our auditor's report on the financial statements 2018 of Aegon Global Multi Manager High Yield Fund – Unhedged

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements
We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Fund Manager.
- Concluding on the appropriateness of the Fund Manager's use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the fund to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Fund Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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TKP Investments is part of Aegon Asset Management