

27 April 2021

**With effect from 12pm on 14 October 2020 the Board of Aegon Asset Management UK plc (formerly known as Kames Capital plc), with agreement from the Depositary, has temporarily suspended dealing in the following funds:**

- Aegon Property Income Fund
- Aegon Property Income Feeder funds (Accumulation and Income)

**This means we will not be able to accept any deals to purchase, sell or switch shares/units in the above funds after 12pm on 14 October 2020.**

**During the suspension period we will constantly monitor the funds and formally review them on a monthly basis. The portfolio will continue to be actively managed and income will be distributed as normal.**

### **Why is dealing suspended?**

The decision has been taken because we believe it is in the best interests of investors to continue suspension activity within our funds.

The funds suspended dealing on 16 March 2020 in accordance with their funds' prospectus following the introduction of a Material Uncertainty Clause by the fund's Standing Investment Valuer, CBRE for the valuation of the fund's directly held property assets. CBRE have advised that Material Uncertainty Clauses have been lifted with respect to the funds' valuation as at 30 September 2020.

Notwithstanding the lifting of the Material Uncertainty Clause the fund will remain suspended until its liquidity position is at an acceptable level for the fund to reopen. The impact of the Government imposed lockdowns, the economic downturn and uncertainty caused by the Covid-19 pandemic has created exceptional conditions for the UK commercial property market, and whilst transaction volumes slowly increasing, they are still dramatically lower than previous periods and as a result, the pipeline of disposals that the fund has to increase liquidity may take longer than normal.

### **What is the current liquidity level and what is the target liquidity level?**

The fund's liquidity position is 25% as at 27 April, however, this is expected to rise by the end of Q2 following the completion of exchanged assets. The fund typically targets a liquidity position of 20% and will therefore require further property sales to meet redemptions and remain at this target level once it has reopened.

### **Is the suspension of dealing a permanent or temporary move?**

This is a temporary move. It is our intention to recommence dealing once we are satisfied that the fund has sufficient cash to meet redemption requests and a further cash buffer to meet any new redemption requests.

### **When will we resume dealing?**

We cannot say at this stage how long dealing will remain suspended. We will monitor the market and redemption requests to determine what level of liquidity is required in order for the funds to re-open. The fund is currently holding an insufficient liquidity position for this and therefore sales will be required to increase the cash position. It is expected the fund can reopen in Q2 2021.

### **How will you keep me informed and where can I find information?**

- We will keep you informed through regular updates on our website at [www.aegonam.com](http://www.aegonam.com) (previously [www.kamescapital.com](http://www.kamescapital.com)) and through your normal Aegon Asset Management (Kames) contact.
  - We will continue to report monthly on the liquidity position of the fund. You can find this information on our factsheets at [www.aegonam.com/en/strategies--funds/property/property-income-fund/](http://www.aegonam.com/en/strategies--funds/property/property-income-fund/) (previously [www.kamescapital.com/documentcentre.aspx](http://www.kamescapital.com/documentcentre.aspx))

- Prices for the funds will also be available on our website at [www.aegonam.com/en/strategies--funds/property/property-income-fund/](http://www.aegonam.com/en/strategies--funds/property/property-income-fund/) ([www.kamescapital.com/fundpricing.aspx](http://www.kamescapital.com/fundpricing.aspx))
- You can also contact our Investor Helpdesk on 0800 358 3009 if you have any questions or concerns.
- Alternatively, you can talk to your financial adviser or third-party provider.

### **Is it normal to suspend dealing in a fund?**

It is unusual to suspend dealing in funds, but it can happen when markets are experiencing periods of significant stress. This is particularly the case for property funds as it takes longer to sell property assets in order to action redemption requests. The suspension of dealing is therefore a recognised potential action for property funds and it is put in place to protect the interests of investors. It is important to reiterate that actions such as this are temporary measures.

### **Will the funds still be actively managed during the suspension period?**

Yes. The fund managers will continue to actively manage the funds in accordance with their objectives. The significant inconvenience of the suspension is recognised and with that in mind we have decided to temporarily apply a discount to the annual management charge on the funds of 0.15%, resulting in an annual management charge of 0.60% from 1 November 2020 until the end of the suspension period.

### **Who made the decision to suspend dealing?**

The Aegon Asset Management UK plc Board (previously Kames Capital plc Board) in agreement with the Depositary, Citibank Europe plc. The Financial Conduct Authority has been informed.

## Dealing implications

### **If I requested a deal to be placed after 12pm on 14 October 2020 will it be processed?**

No. As at 12 pm on 14 October 2020 we are still not able to accept any instruction to redeem, subscribe, transfer or switch shares/units in the funds will be accepted. Dealing will resume when the suspension is lifted.

### **Will my regular savings contributions continue over the suspension period?**

No. During the period in which dealing is suspended we will not be able to accept regular savings contributions (ie direct debits). Investors who invest in the funds through a third party should contact their provider for further information.

### **Will prices still be available for the funds?**

Yes. Normal reporting will continue. You can find prices on our website at [www.aegonam.com/en/strategies--funds/property/property-income-fund/](http://www.aegonam.com/en/strategies--funds/property/property-income-fund/) (previously [www.kamescapital.com/fundpricing.aspx](http://www.kamescapital.com/fundpricing.aspx))

### **Will the funds continue to distribute income?**

Yes. You can find up-to-date yield data on the fund factsheet our website at [www.aegonam.com/en/strategies--funds/property/property-income-fund/](http://www.aegonam.com/en/strategies--funds/property/property-income-fund/) (previously [www.kamescapital.com/documentcentre.aspx](http://www.kamescapital.com/documentcentre.aspx))

### **What happens if I have chosen to reinvest my income?**

Unfortunately, during the period in which dealing is suspended it will not be possible to reinvest income from existing investments in the funds. Investors who invest in the funds through a third party should contact their provider for further information.

### **Are other funds managed by Aegon Asset Management affected by this move?**

No. We do not manage any other retail funds which invest directly in property assets.

**What is the outlook for UK commercial property?**

The settlement of a trade agreement between the UK and EU and an accelerated vaccination programme support an improving economic outlook. Short-term prospects are still impacted by the effects of various national lockdowns but the medium-term outlook is encouraging.

Whilst the prospects for the commercial property market in H1 2021 remain challenging, we are already seeing a pick-up in market activity. The IPD Monthly Index recorded positive capital performance at an All Property level in Q1 2021. We believe some sectors have seen the nadir in market pricing and that return prospects from a low base are starting to look attractive on a risk adjusted basis. We believe buying opportunities in a range of sectors are starting to emerge and that there will be opportunities to deploy capital later this year to take advantage of the market dislocation created by Covid-19.

Transaction volumes remain subdued by historic standards but there are rising levels of stock availability and increasing levels of investor demand. Over £8bn of industrial property transacted in 2020 with a significant proportion trading in the last few months of the year demonstrating the strength of investor demand for the sector. Encouragingly, investor demand is broadening for office investments which is bringing greater stability to pricing for core-plus assets. A wider pool of buyers for regional office investments is developing. Retail warehousing is starting to attract institutional buyers in addition to the US PE funds who have been circling the sector since the beginning of 2020. High street retail remains challenging with occupational market risk putting off the majority of investors.

We appreciate your patience and understanding in this matter and thank you for investing with Aegon Asset Management.

**This document is accurate at the time of writing and is subject to change without notification.**

**Past performance is not a guide to future performance. Outcomes, including the payment of income, are not guaranteed.**

**Opinions and/or example trades/securities represent our understanding of markets both current and historical and are used to promote Aegon Asset Management's investment management capabilities: they are not investment recommendations, research or advice. Sources used are deemed reliable by Aegon Asset Management at the time of writing. Please note that this marketing is not prepared in accordance with legal requirements designed to promote the independence of investment research, and is not subject to any prohibition on dealing by Aegon Asset Management or its employees ahead of its publication.**

**Aegon Asset Management UK plc is authorised and regulated by the Financial Conduct Authority. Aegon Asset Management UK plc is the Authorised Corporate Director of the Aegon Property Income Funds and the Authorised Fund Manager of the Aegon Property Income Feeder funds.**