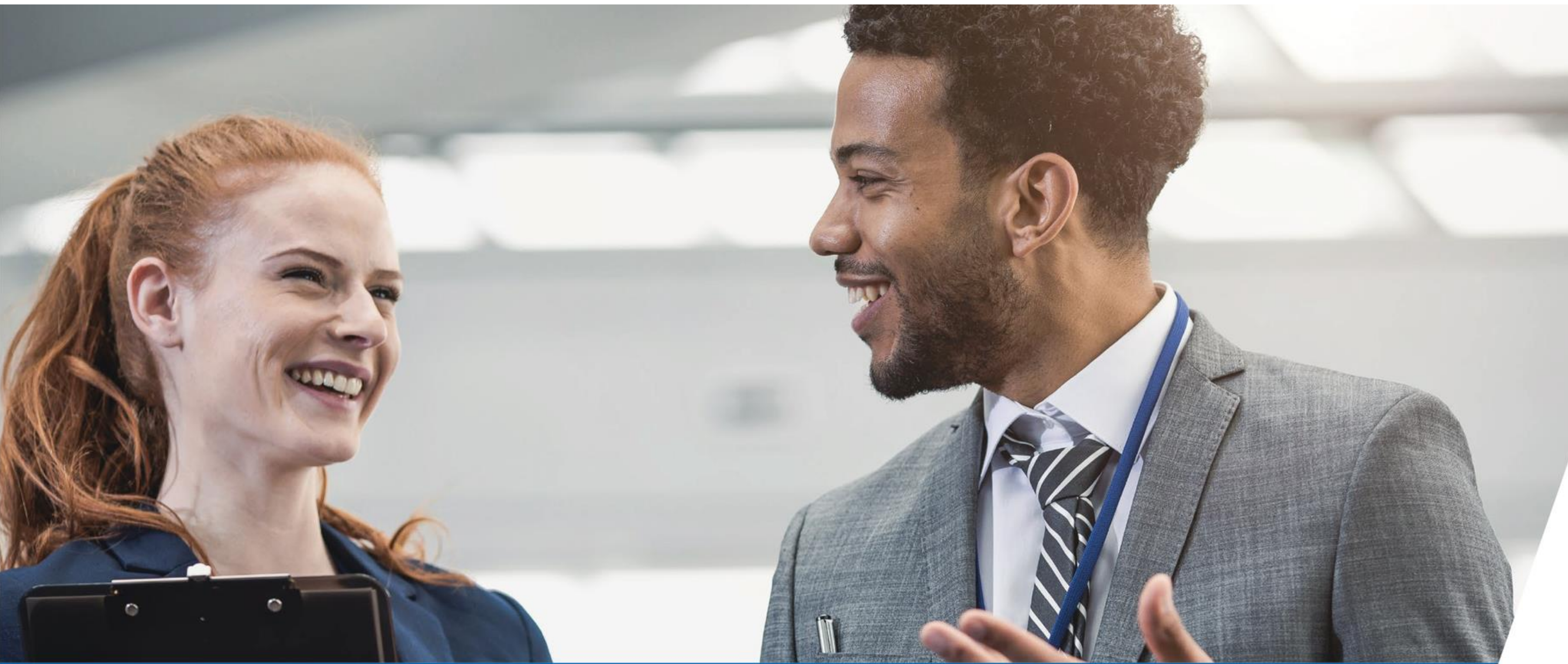
For adviser and employer use only

Workplace Target fund range performance report

Covering quarter one 2022

Pensions | Investments | Protection

Contents



The information contained in this report constitutes a factual review of performance only and is correct as at 31 March 2022. It shouldn't be taken as a recommendation or advice. This communication is for adviser and employer use only. It mustn't be distributed to, or relied on by, customers.

There's no guarantee that fund objectives will be met. The value of an investment may go down as well as up and isn't guaranteed. Investors could get back less than they invest.

Introduction

This document details the key drivers of world markets in the most recent quarter and goes on to report on our Workplace Target fund range available via Aegon Retirement Choices (ARC).

Markets and funds change constantly, so the information it contains may have changed by the time you read this. The value of the funds in this report may go down as well as up and are not guaranteed. Investors could get back less than they invest.

The information in this document is a factual review and shouldn't be taken as a recommendation or advice. It's correct to the best of our knowledge at the time of writing.

Please note: all performance data shown in this report is sourced from FE fundinfo.

Fund news

From 31 March 2021

The fund objectives and some composite benchmarks of the below workplace default funds were updated:

- Aegon Workplace Default (ARC)
- Aegon Default Equity & Bond Lifestyle (ARC)
- Aegon Growth Tracker (Flexible Target)
- Aegon Growth Tracker (Annuity Target)
- Aegon Growth Tracker (Cash Target)

Why we made these changes

In January 2021, we announced our commitment to achieving net zero carbon emissions across our pension default fund strategies by 2050. We will also halve carbon emissions across our default funds by 2030. As part of this strategy, in February 2021 we announced our partnership with HSBC Global Asset Management (HSBC) to launch the HSBC Developed World Sustainable Equity Index fund. A 30% allocation to this fund will be added to the workplace default funds listed above for growth stage investors. We also aim to make our asset allocation more globally diversified and embed environmental, social and governance (ESG) considerations into our investment process. In order to meet this target, we've updated the fund obectives and some of the composite benchmarks for the above strategies to reflect the higher global focus of the funds.

Full details can be found here:
www.aegon.co.uk/content/ukpaw/news/changes_to_some_ofourworkplacedefaultfunds.html

From 24 September 2021

We've updated some of the underlying funds in the Universal Balanced Collection (UBC) and the mix of underlying investments to include two actively managed Aegon Asset Management sustainable funds, as well as making further changes that we hope will provide us greater flexibility to adapt to different market conditions.

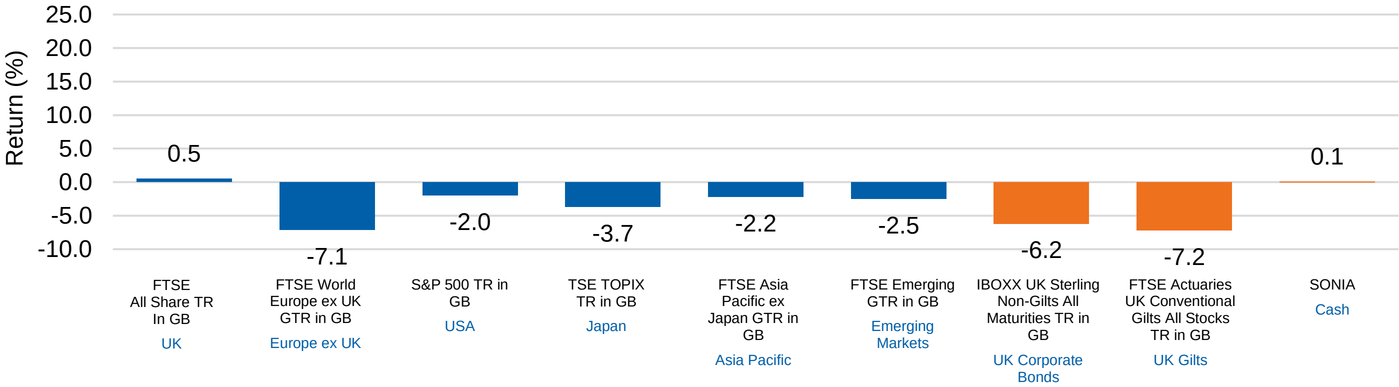
Why we made these changes

In order to meet our net zero carbon emissions target across our pension default fund strategies by 2050, we've changed some of the underlying funds and the mix of underlying investments in the Universal Balanced Collection to include two sustainability focused funds.

Market Review – quarter one 2022

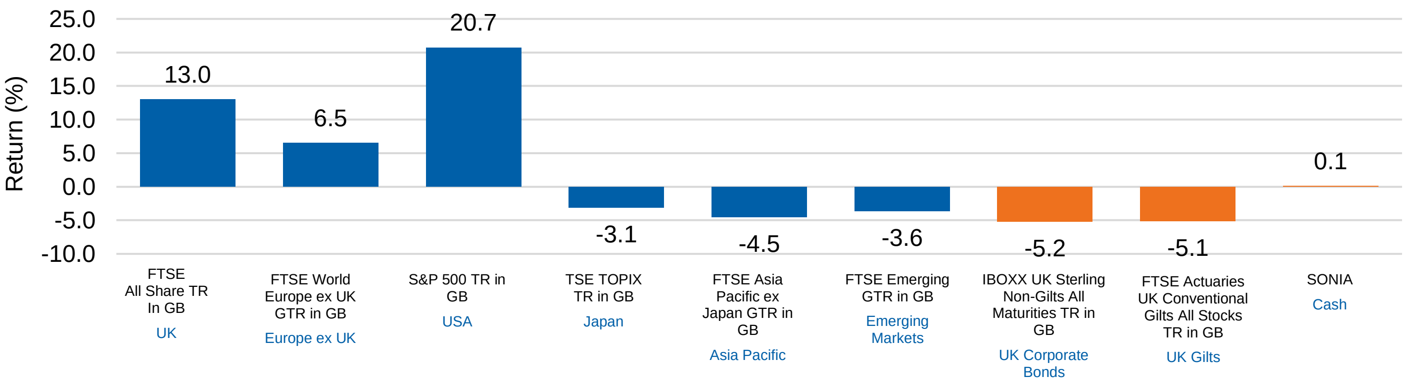
The first quarter of 2022 saw a sharp downturn for most of the main global equity and bond markets as the world felt the impact of rising inflation and Russia's invasion of Ukraine in late February as a range of sanctions were applied on Russia by governments across the globe. Against this backdrop, the **UK** produced the only positive return of the quarter as the Bank of England (BoE) raised interest rates to their highest level since 2008 as inflation continued to rise above the BoE's 2% target. **US** equities fell as inflation soared to 7.9%, its highest rate since January 1982, and sanctions were applied on Russia including a ban on Russian oil imports. **Emerging Market** and **Asia Pacific** equities experienced declines on the back of the Russia/Ukraine conflict and sanctions imposed on Russia. China also struggled to contain a renewed COVID-19 outbreak, leading to shutdowns in major cities. **Japanese** equities also fell in value as the Yen fell to a 7-year low against the US dollar, while **European** equities experienced the largest falls over the period as ties to Russian energy hampered returns.

Meanwhile, in **Fixed Income**, both **UK corporate bonds** and **UK government bonds** (gilts) produced negative returns over the quarter, with corporate bonds marginally outperforming government bonds. Government bond yields rose over the quarter – when yields rise bond prices tend to fall and vice versa. Cash was muted over the period.



Major market performance over 12 months

Global equity market performance over the past 12 months was mixed, initially fuelled by COVID-19 vaccine roll outs allowing many economic restrictions to be lifted. However rising energy costs and the onset of the Russia and Ukraine conflict in early 2022 held back returns. **US** markets came out on top, supported by stimulus policy settings throughout 2021, including government spending packages and low interest rates. **UK** equities rose on the back of successful vaccine rollouts over the time period. **European** markets made gains, despite early delays in its vaccination programme and rising COVID-19 cases throughout 2021. **Japanese equities** fell as vaccine deployment was slow and resulted in restrictions lasting further into 2021. **Emerging Markets** and **Asia Pacific** equities struggled as substantial underperformance from China, and the Russian invasion of Ukraine, weighed on returns. In **Fixed Income**, both **UK corporate bonds** and **UK government bonds** were negative amid surging inflation. **Cash** returns were muted over the period.



Source: FE fundinfo, produced by Aegon. Charts compiled using total return indices to 31 March 2022. Figures in sterling so include the effect of currency fluctuations. Past performance is not a reliable guide to future performance.

Key events in the major markets over quarter one

In the **UK,** data released over the period showed the economy grew by 1.3% quarter-on-quarter in Q4 2021, rounding off the strongest year of GDP growth since the Second World War. Following inflation reaching a 30-year high of 6.2% in February, the Bank of England implemented two further interest rate rises during Q1 2022. Sitting at 0.75%, this now matches its highest level seen since the 2008/2009 global financial crisis. Meanwhile, data released over the quarter showed the labour market remained healthy with unemployment falling to 3.9% and job vacancies reaching a record high in Q4 2021.

In the **US**, data released over the period showed the US economy grew by 6.9% on an annualised basis in Q4 2021 as the effect of the Omicron variant of COVID-19 subsided, marking the best full-year gain since 1984. In Q1 2022 inflation soared to 7.9%, with broad-based price rises including housing, energy and food. The Federal Reserve also lifted the benchmark interest rate for the first time since 2018. Elsewhere, the US and its global allies significantly reduced Russian access to international markets by introducing sanctions in response to the ongoing war in Ukraine.

In **Europe**, data released over the period revealed the European Union (EU) economy slowed sharply to 0.3% quarter-on-quarter in Q4 2021, due to the impact of the Omicron variant of COVID-19 wave. As a result, the European Central Bank cut its 2022 growth forecast from 4.2% to 3.7% due to high inflation and more downward pressures on demand. The Eurozone inflation rate rose to 7.5% during Q1 2022, with higher energy and food prices contributing to the rise since Russia's invasion of Ukraine.

In **Japan**, data released over the period showed the Japanese economy grew by 1.1% on a quarterly basis in Q4 2021, revised down from the original estimate of 1.3%. Inflation in the region remains low in comparison to global peers, sitting at around 1% at the end of Q1 2022. The Bank of Japan resisted the global trend for tighter policy, re-affirming their commitment to economic stimulus. To support households thorough the energy price shock (and with Japanese petrol prices at 13-year highs), the Japanese government intervened to help consumers by giving out the maximum subsidy available to oil refiners.

In **Asia Pacific** regions, Hong Kong suffered its worst outbreak of COVID-19 since the beginning of the pandemic, reporting one of the highest daily death rates in the world. As a result of the continued disruption, Chinese authorities announced a large-scale budget in February, including further relief measures for households and businesses. China announced its lowest growth target rate since 1991 at around 5.5% for 2022, and authorities indicated more accommodative policy such as cuts to loan prime rates (LPR) and subsequent cuts across markets. In Australia, inflation for Q4 2021 sat at 3.5%, above the central bank's target range of 2-3%. Interest rates in the region have so far maintained at record low levels of 0.1%, while the government announced a budget including generous spending packages ahead of federal elections in May. Prime Minister Morrison currently trails Anthony Albanese's Labor Party in many opinion polls.

Emerging Markets was dominated by Russia's invasion of Ukraine and the resulting actions taken by other countries, including sanctions targeting the Russian economy and central bank. Many multinational companies ceased or paused operations in Russia due to the conflict, while the Russian rouble hit a record low vs the US Dollar in early March. Russian inflation climbed to over 15%, its highest level in over six years. Many index providers announced the removal of Russia from global and emerging market equity and bond indices. In China, the economy continues to be affected by COVID-19. Q1 saw cases rise at their highest rate since the onset of the pandemic, with lockdowns imposed in major cities such as Shenzhen and Shanghai. Elsewhere, Brazil's central bank continued to aggressively raise interest rates during the first quarter in response to high inflation, with the headline rate reaching 11.75% in March.

In **Fixed Income**, main developed market government bond markets endured a volatile start to the year, with yields rising significantly over the quarter leading to negative returns for investors. This came on the back of tighter policy across many developed markets. The Bank of England hiked rates for the third time in a row to combat rising inflation. Both **UK corporate bonds** and **UK government bonds** (gilts) produced negative returns for the quarter, with corporate bonds marginally outperforming government bonds.

Source: Aegon UK, April 2022

Workplace Target range – overview

Three ways to prepare savings for retirement

All the Workplace Target funds use a two-stage investment strategy that aims to grow savings in the early years (the growth stage), then prepare savings for retirement in the final six years (the retirement target stage). The range offers three retirement target approaches – Flexible Target, Annuity Target, and Cash Target – which reflect the mix of retirement income options open to savers in the wake of pension freedoms.

The Flexible Target approach moves assets into a cautious multi-asset mix as investors approach retirement, with approximately 26% equity, 49% fixed interest, and 25% cash on retirement. We've designed this approach for investors and schemes seeking to take advantage of the greater flexibility offered by the pension freedoms. It's designed to offer a balance between risk and returns to suit those approaching retirement.

The Annuity Target strategy is designed for schemes who believe most employees will buy an annuity on retirement. These funds move savers into 75% long gilts and 25% cash on retirement.

Finally, the Cash Target strategy is designed for savers who plan to cash-in their savings on retirement. This is aimed at schemes where most members have very small pots or are likely to use other sources to create their retirement income (for example those who also have defined benefit pension income). It moves savers fully into cash on retirement.

What's in the Workplace Target range?

The Workplace Target fund range broadens choice for employers and scheme members and each fund type offers one or more glidepath option, targeting flexibility, annuity, or cash on retirement.

Fund (Fund charge)	Flexible Target	Annuity Target	Cash Target
Balanced Tracker (0.04%)	✓	✓	-
Growth Tracker (0.05%)	✓	✓	✓
Adventurous Tracker (0.05%)	✓	✓	-
Universal Balanced Collection (0.11%)	✓	✓	-
Ethical Managed (0.40%)	✓	-	-

Fund charge as at 31 March 2022, a platform charge will also apply.

The strategies are primarily designed for those workplace investors who do not make an active investment choice or receive advice. Schemes can also use our in-house default fund (see page 20).

We'll continue to offer our existing range of lifestyle funds for workplace investors.

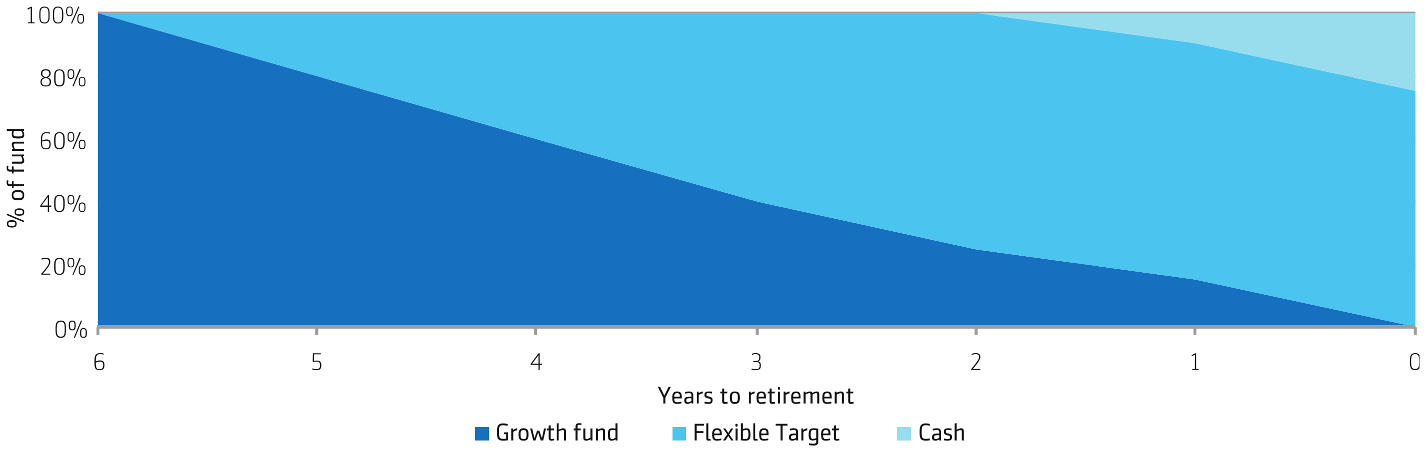
For more information, please see our website at https://www.aegon.co.uk/workplace/employers.html

Our retirement target approaches

Our Workplace Target funds are designed for use as scheme default funds. The information below details how each of our retirement target approaches changes as investors near retirement. We review our Workplace Target funds regularly and may change them if we believe it's in the best interest of investors. There's no guarantee the funds will achieve their objectives. Investors may get back less than they invest.

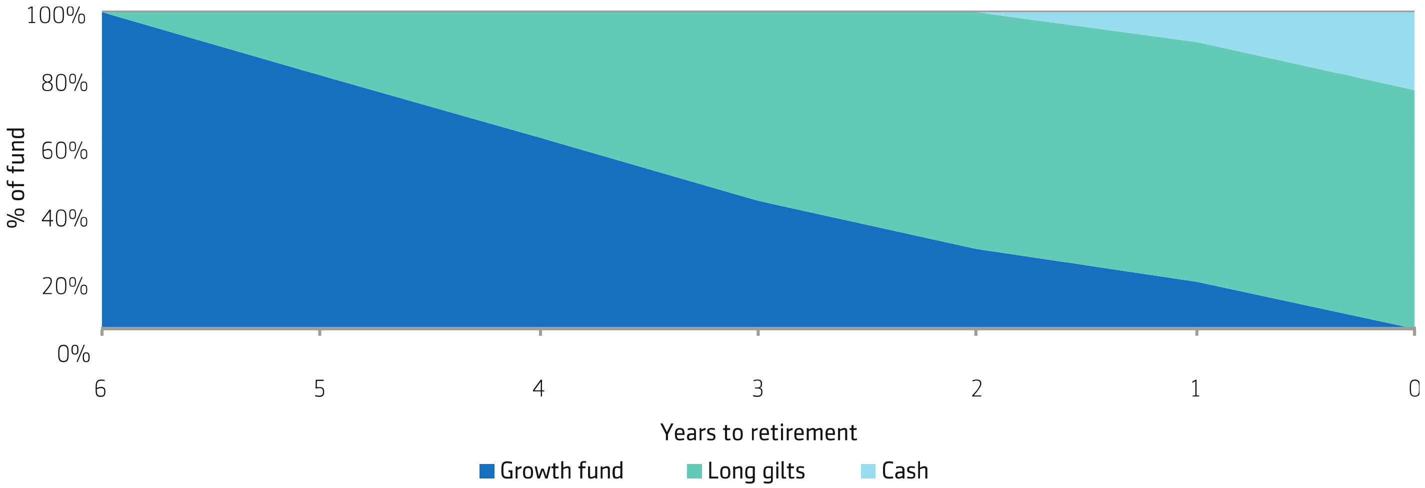
The Flexible Target stage

In the six years before the investor's target retirement year (the Flexible Target stage), we'll progressively move them into less risky investments. We'll also move part of their investment into a cash fund in the final two years to cater for their maximum tax-free cash entitlement, currently 25% of their pension pot.



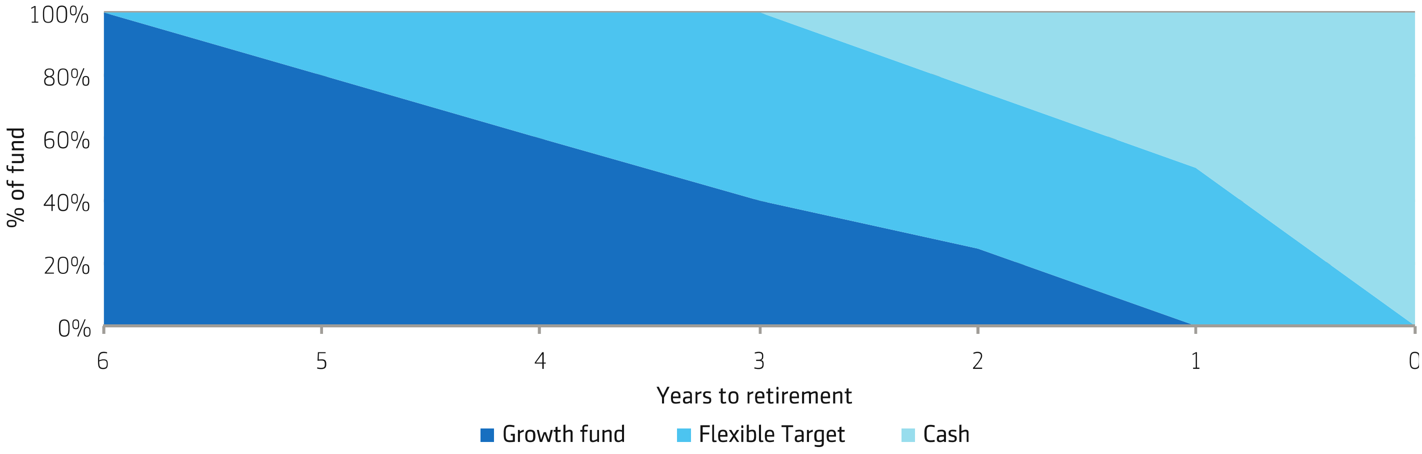
The Annuity Target stage

In the six years before an investor's target retirement year (the Annuity Target stage), we'll progressively move their investments into long gilts and cash with the aim of giving them more certainty about the size of annuity (pension) they'll be able to buy when they retire and to cater for their maximum tax-free cash entitlement, currently 25% of their pension pot.



The Cash Target stage

In the six years before an investor's target retirement year (the Cash Target stage), we'll progressively move them into less risky investments and then into cash. On their selected retirement date, the fund will be 100% invested in cash.



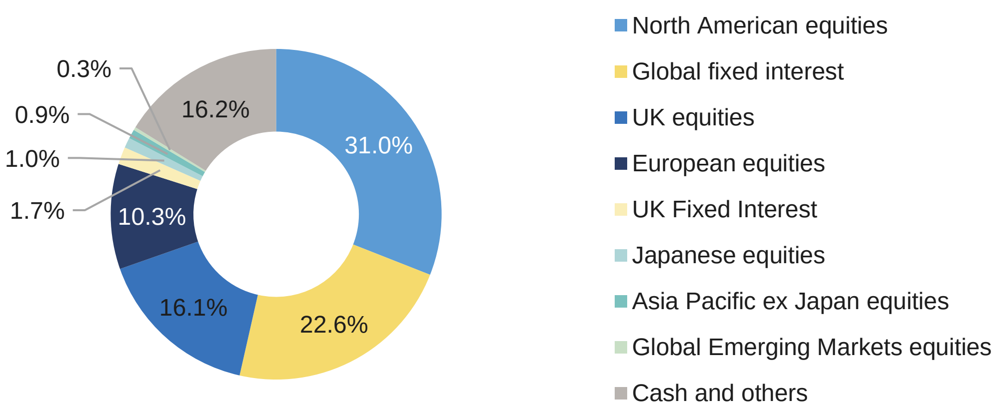
Flexible Target range

Universal Balanced Collection (Flexible Target) fund

This fund is aimed at those who want to keep their options open at retirement. It uses a two-stage investment process. In the early years (the growth stage) it aims to grow savings over the long term by investing mainly in a well-diversified mix of international equities with the remainder in bonds and cash. It invests in a mix of different funds, from different fund managers, offering a mix of active and passive fund management, which means it doesn't rely on the performance of one manager or management style alone. In the six years before your target retirement year (the flexible target stage), we'll progressively move you into less risky investments. We'll also move part of your investment into cash in the final two years to cater for your maximum tax-free cash entitlement, currently 25% of your pension pot. We review our workplace target funds regularly and may change them if we believe it's in the best interests of investors.

Where the fund invests

In the growth stage, the fund invests in a mix of investments designed to grow an investor's pension. The chart below shows where the fund invested on 31 March 2022.



Source: Aegon UK. These figures may not add up to exactly 100% due to rounding.

How has the fund performed?

Fund	3 months (%)	1 year (%)	3 years (% a year)	5 years (% a year)
Universal Balanced Collection (Flexible Target) (ARC)	-3.7	7.0	9.5	7.2
Benchmark	-2.7	6.0	6.4	n/a

Source: FE fundinfo. Produced by Aegon. Figures in £s on a bid-to-bid basis, net of charges with gross income reinvested to 31 March 2022. This fund is currently measured against the ABI Mixed Investment 40-85% Shares pension sector median.

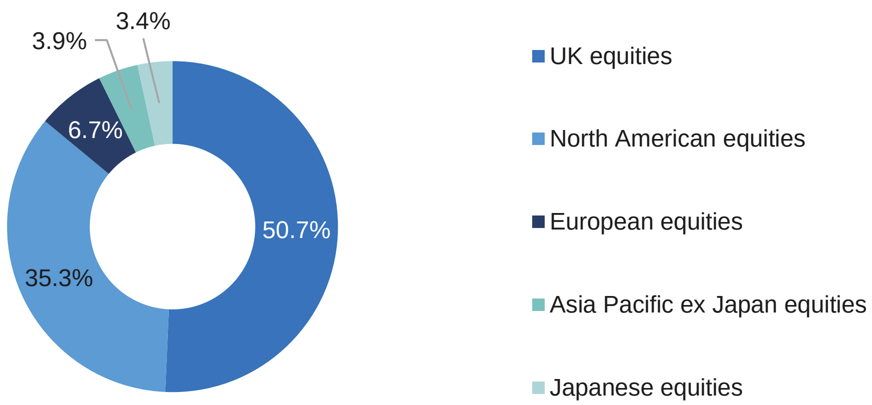
Past performance is not a reliable indicator of future performance. The value of an investment can go down as well as up and isn't guaranteed. Investors could get back less than they invest.

Aegon Adventurous Tracker (Flexible Target) fund

This fund is aimed at those who want to keep their options open at retirement. It uses a two-stage investment process. In the early years (the growth stage) it aims to grow savings over the long term by investing in an equal mix of UK and international equities (company shares). It's designed to track the markets it invests in, so performance should be similar to those markets. In the six years before your target retirement year (the flexible target stage), we'll progressively move you into less risky investments. We'll also move part of your investment into cash in the final two years to cater for your maximum tax-free cash entitlement, currently 25% of your pension pot. We review our workplace target funds regularly and may change them if we believe it's in the best interests of investors.

Where the fund invests

In the growth stage, the fund invests in a mix of investments designed to grow an investor's pension. The chart below shows where the fund invested on 31 March 2022.



Source: Aegon UK. These figures may not add up to exactly 100% due to rounding.

How has the fund performed?

Fund	3 months (%)	1 year (%)	3 years (% a year)	5 years (% a year)
Aegon Adventurous Tracker (Flexible Target) (ARC)	-0.8	14.1	10.8	8.4
Benchmark	-0.8	14.1	10.3	8.3

Source: FE fundinfo. Produced by Aegon. Figures in £s on a bid-to-bid basis, net of charges with gross income reinvested to 31 March 2022. This fund is currently measured against a composite benchmark made up of 50% FTSE All-Share TR / 50% FTSE World ex UK TR.

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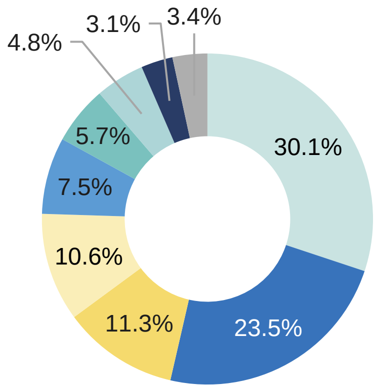
Aegon Growth Tracker (Flexible Target) fund

This fund is aimed at those who want to keep their options open at retirement. It uses a two-stage investment process. In the early years (the growth stage) it aims to grow savings over the long term by investing mainly (generally at least 65%) in global equities (company shares) with the remainder in bonds (corporate and/or government bonds) and/or cash. It's designed to track the markets it invests in, so performance should be similar to those markets. In the six years before your target retirement year (the flexible target stage), we'll progressively move you into less risky investments. We'll also move part of your investment into cash in the final two years to cater foryour maximum tax-free cash entitlement, currently 25% of your pension pot. We review our workplace target funds regularly and may change them if we believe it's in the best interests of investors.

Where the fund invests

In the growth stage, the fund invests in a mix of investments designed to grow an investor's pension. The chart below shows where the fund invested on 31 March 2022.



- International equities
- UK equities
- Global Fixed Interest
- UK Fixed Interest
- North American equities
- Asia Pacific ex Japan equities
- Japanese equities
- European equities
- Cash and others

Source: Aegon UK. These figures may not add up to exactly 100% due to rounding.

How has the fund performed?

Fund	3 months (%)	1 year (%)	3 years (% a year)	5 years (% a year)
Aegon Growth Tracker (Flexible Target) (ARC)	-2.3	8.3	8.1	6.6
Benchmark	-2.8	8.5	8.8	7.3

Source: FE fundinfo. Produced by Aegon. Figures in £s on a bid-to-bid basis, net of charges with gross income reinvested to 31 March 2022. This fund is currently measured against a composite benchmark of the following indices and weights: 20% MSCI UK All Cap / 55% MSCI ACWI ex UK / 8% BBgBarc Sterling Gilts / 2% BBgBarc UK Govt Infl Lkd Bond Float adjusted / 10% BBgBarc Sterling NonGilts / 5% JPM GBI ex UK.

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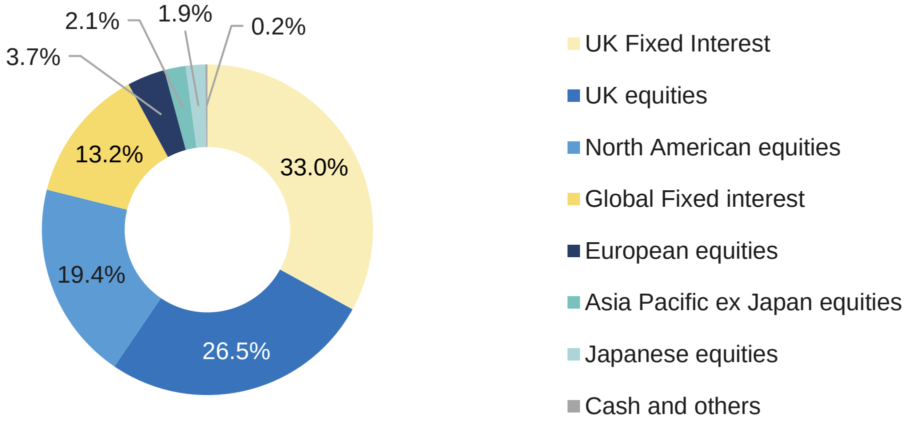
Aegon Balanced Tracker (Flexible Target) fund

This fund is aimed at those who want to keep their options open at retirement. It uses a two-stage investment process. In the early years (the growth stage) it aims to grow savings over the long term by investing in an equal mix of global equities (company shares) and UK bonds (a blend of UK corporate, UK index-linked and conventional government bonds). It's designed to track the markets it invests in, so performance should be similar to those markets. In the six years before your target retirement year (the flexible target stage), we'll progressively move you into less risky investments. We'll also move part of your investment into cash in the final two years to cater for your maximum tax-free cash entitlement, currently 25% of your pension pot. We review our workplace target funds regularly and may change them if we believe it's in the best interests of investors.

Where the fund invests

In the growth stage, the fund invests in a mix of investments designed to grow an investor's pension. The chart below shows where the fund invested on 31 March 2022.



Source: Aegon UK. These figures may not add up to exactly 100% due to rounding.

How has the fund performed?

Fund	3 months (%)	1 year (%)	3 years (% a year)	5 years (% a year)
Aegon Balanced Tracker (Flexible Target) (ARC)	-3.8	4.8	6.1	5.2
Benchmark	-3.7	4.7	5.7	5.0

Source: FE fundinfo. Produced by Aegon. Figures in £s on a bid-to-bid basis, net of charges with gross income reinvested to 31 March 2022. This fund is currently measured against a composite benchmark of the following indices and weights: 25% FTSE All Share TR / 25% FTSE World ex UK TR / 26.5% Markit iBoxx Non Gilts All Stocks GBP TR / 18% FTSE Gilts All Stocks GBP TR / 5.5% FTSE Index-linked Over 5 Years TR.

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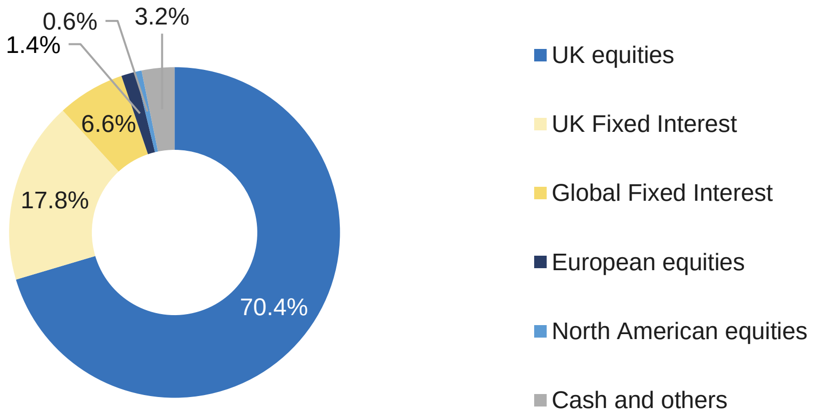
Ethical Managed (Flexible Target) fund

This fund is aimed at those who want to keep their options open at retirement. It uses a two-stage investment process. In the early years (the growth stage) it aims to grow savings over the long term by investing in a diversified portfolio of UK equities (shares of companies), fixed interest securities (bonds), and cash, which meet the fund's predefined ethical criteria. Its ethical criteria means the fund may have a bias towards small and medium sized companies. In the six years before your target retirement year (the flexible target stage), we'll progressively move you into less risky investments. We'll also move part of your investment into cash in the final two years to cater for your maximum tax-free cash entitlement, currently 25% of your pension pot. We review our workplace target funds regularly and may change them if we believe it's in the best interests of investors.

Where the fund invests

In the growth stage, the fund invests in a mix of investments designed to grow an investor's pension. The chart below shows where the fund invested on 31 March 2022.



Source: Aegon UK. These figures may not add up to exactly 100% due to rounding.

How has the fund performed?

Fund	3 months (%)	1 year (%)	3 years (% a year)	5 years (% a year)
Ethical Managed (Flexible Target) (ARC)	-11.5	-2.3	5.9	4.1
Benchmark	-1.5	7.6	4.7	3.9

Source: FE fundinfo. Produced by Aegon. Figures in £s on a bid-to-bid basis, net of charges with gross income reinvested to 31 March 2022. This fund is currently measured against a composite benchmark made up of 50% FTSE All Share TR / 50% ABI Mixed Investment 20%-60% Shares sector average.

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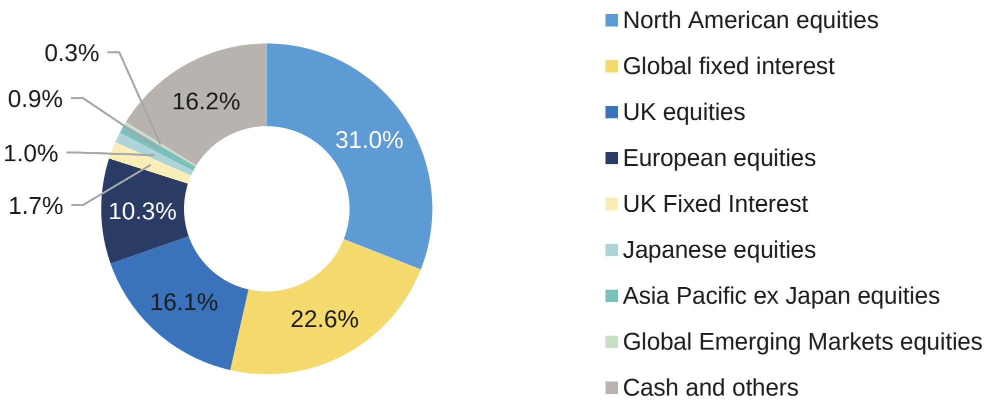
Annuity Target range

Universal Balanced Collection (Annuity Target) fund

This fund is aimed at those who intend to buy an annuity (a type of guaranteed pension) on retirement. It uses a two-stage investment process. In the early years (the growth stage) it aims to grow savings over the long term by investing mainly in a well-diversified mix of international equities with the remainder in bonds and cash. It invests in a mix of different funds, from different fund managers, offering a mix of active and passive fund management, which means it doesn't rely on the performance of one manager or management style alone. In the six years before your target retirement year (the flexible target stage), we'll progressively move you into less risky investments. We'll also move part of your investment into cash in the final two years to cater for your maximum tax-free cash entitlement, currently 25% of your pension pot. We review our workplace target funds regularly and may change them if we believe it's in the best interests of investors.

Where the fund invests

In the growth stage, the fund invests in a mix of investments designed to grow an investor's pension. The chart below shows where the fund invested on 31 March 2022.



Source: Aegon UK. These figures may not add up to exactly 100% due to rounding.

How has the fund performed?

Fund	3 months (%)	1 year (%)	3 years (% a year)	5 years (% a year)
Universal Balanced Collection (Annuity Target) (ARC)	-3.7	7.0	9.5	7.2
Benchmark	-3.5	5.0	6.6	5.0

Source: FE fundinfo. Produced by Aegon. Figures in £s on a bid-to-bid basis, net of charges with gross income reinvested to 31 March 2022. This fund is currently measured against the ABI Mixed Investment 40%-85% Shares pension sector.

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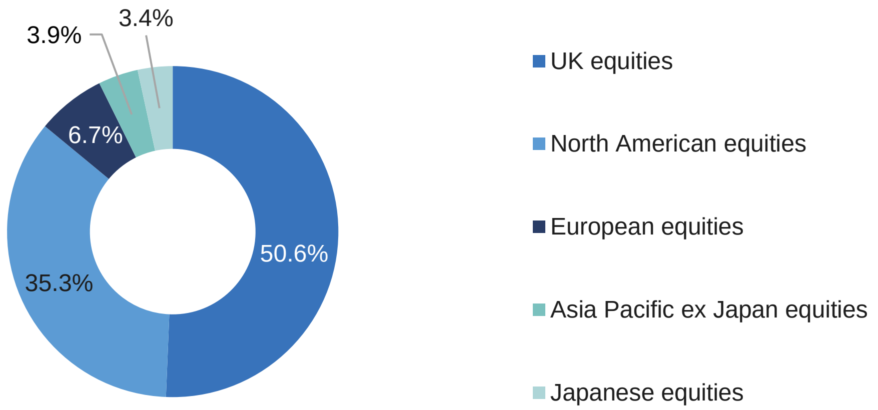
Aegon Adventurous Tracker (Annuity Target) fund

This fund is aimed at those who intend to buy an annuity (a type of guaranteed pension) on retirement. It uses a two-stage investment process. In the early years (the growth stage) it aims to grow savings over the long term by investing in an equal mix of UK and international equities (company shares). It's designed to track the markets it invests in, so performance should be similar those markets. In the six years before your target retirement year (the annuity target stage), we'll progressively move you into investments (currently long gilts and cash) with the aim of giving you more certainty about the size of annuity (pension) you'll be able to buy when you retire and to cater for your maximum tax-free cash entitlement, currently 25% of your pension pot. We review our workplace target funds regularly and may change them if we believe it's in the best interests of investors.

Where the fund invests

In the growth stage, the fund invests in a mix of investments designed to grow an investor's pension. The chart below shows where the fund invested on 31 March 2022.



Source: Aegon UK. These figures may not add up to exactly 100% due to rounding.

How has the fund performed?

Fund	3 months (%)	1 year (%)	3 years (% a year)	5 years (% a year)
Aegon Adventurous Tracker (Annuity Target) (ARC)	-0.8	14.1	10.8	8.4
Benchmark	-0.8	14.1	10.3	8.3

Source: FE fundinfo. Produced by Aegon. Figures in £s on a bid-to-bid basis, net of charges with gross income reinvested to 31 March 2022. This fund is currently measured against a composite benchmark made up of 50% FTSE All Share TR / 50% FTSE World ex UK TR.

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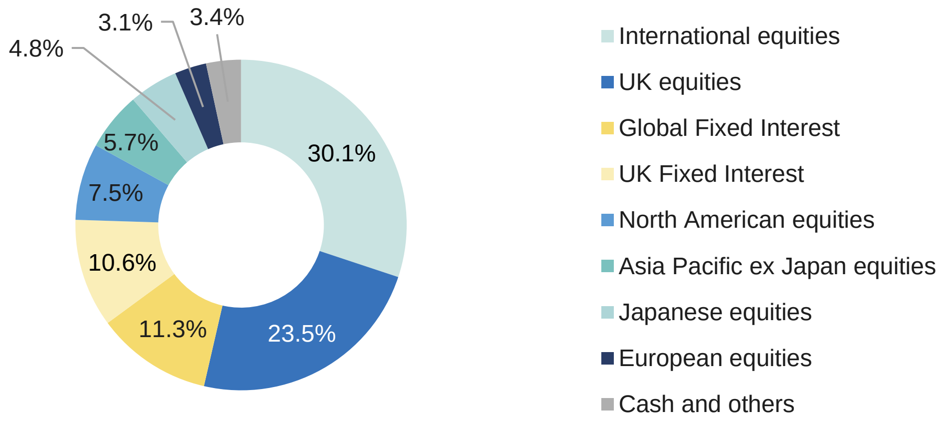
Aegon Growth Tracker (Annuity Target) fund

This fund is aimed at those who intend to buy an annuity (a type of guaranteed pension) on retirement. It uses a two-stage investment process. In the early years (the growth stage) it aims to grow savings over the long term by investing mainly (generally at least 65%) in global equities (company shares) with the remainder in bonds (corporate and/or government bonds) and/or cash. It's designed to track the markets it invests in, so performance should be similar to those markets. In the six years beforeyour target retirement year (the annuity target stage), we'll progressively move you into investments (currently long gilts and cash) with the aim of giving you more certainty about the size of annuity you'll be able to buy when you retire and to cater for your maximum tax-free cash entitlement, currently 25%. We review our workplace target funds regularly and may change them if we believe it's in the best interests of investors.

Where the fund invests

In the growth stage, the fund invests in a mix of investments designed to grow an investor's pension. The chart below shows where the fund invested on 31 March 2022.



Source: Aegon UK. These figures may not add up to exactly 100% due to rounding.

How has the fund performed?

Fund	3 months (%)	1 year (%)	3 years (% a year)	5 years (% a year)
Aegon Growth Tracker (Annuity Target) (ARC)	-2.3	8.3	8.1	6.6
Benchmark	-2.8	8.5	8.8	7.3

Source: FE fundinfo. Produced by Aegon. Figures in £s on a bid-to-bid basis, net of charges with gross income reinvested to 31 March 2022. This fund is currently measured against a composite benchmark of the following indices and weights: 20% MSCI UK All Cap / 55% MSCI ACWI ex UK / 8% BBgBarc Sterling Gilts / 2% BBgBarc UK Govt Infl Lkd Bond Float adjusted / 10% BBgBarc Sterling NonGilts / 5% JPM GBI ex UK.

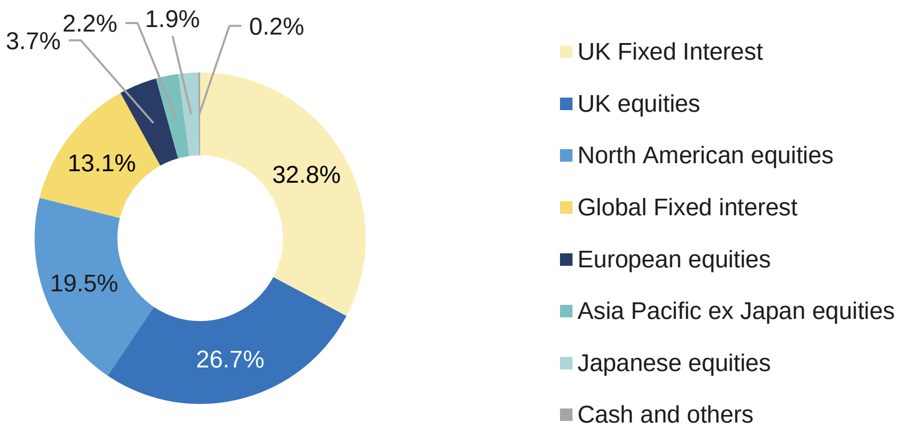
Past performance is not a reliable indicator of future performance. The value of an investment can go down as well as up and isn't guaranteed. Investors could get back less than they invest.

Aegon Balanced Tracker (Annuity Target) fund

This fund is aimed at those who intend to buy an annuity (a type of guaranteed pension) on retirement. It uses a two-stage investment process. In the early years (the growth stage) it aims to grow savings over the long term by investing in an equal mix of global equities (company shares) and UK bonds (a blend of UK corporate, UK index-linked and conventional government bonds). It's designed to track the markets it invests in, so performance should be similar to those markets. In the six years before your target retirement year (the annuity target stage), we'll progressively move you into investments (currently long gilts and cash) with the aim of giving you more certainty about the size of annuity (pension) you can buy when you retire and to cater for your maximum tax-free cash entitlement, currently 25% of your pension pot. We review our workplace target funds regularly and may change them if we believe it's in the best interests of investors.

Where the fund invests

In the growth stage, the fund invests in a mix of investments designed to grow an investor's pension. The chart below shows where the fund invested on 31 March 2022.



Source: Aegon UK. These figures may not add up to exactly 100% due to rounding.

How has the fund performed?

Fund	3 months (%)	1 year (%)	3 years (% a year)	5 years (% a year)
Aegon Balanced Tracker (Annuity Target) (ARC)	-3.8	4.7	6.1	5.2
Benchmark	-3.7	4.7	5.7	5.0

Source: FE fundinfo. Produced by Aegon. Figures in £s on a bid-to-bid basis, net of charges with gross income reinvested to 31 March 2022. This fund is currently measured against a composite benchmark of the following indices and weights: 25% FTSE All Share TR / 25% FTSE World ex UK TR / 26.5% Markit iBoxx Non Gilts All Stocks GBP TR / 18% FTSE Gilts All Stocks GBP / 5.5% FTSE Index-linked Over 5 Years.

Past performance is not a reliable indicator of future performance. The value of an investment can go down as well as up and isn't guaranteed. Investors could get back less than they invest.

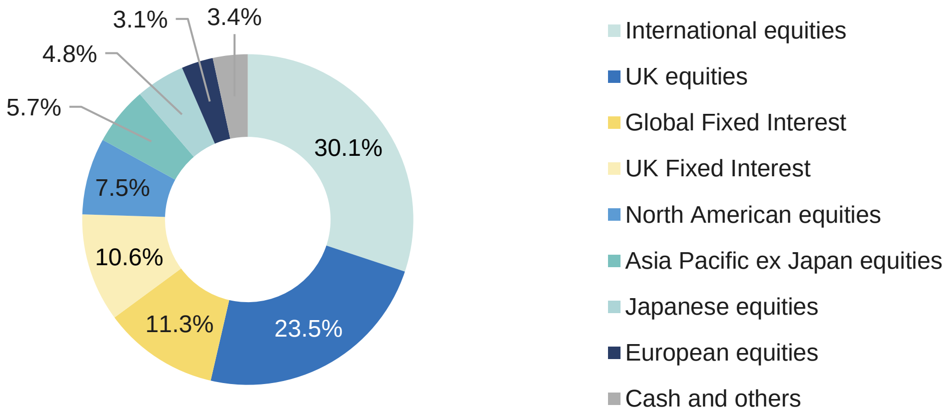
Cash Target

Aegon Growth Tracker (Cash Target) fund

This fund is aimed at those who plan to cash in their savings at retirement. It uses a two-stage investment process. In the early years (the growth stage), it aims to grow long-term savings by investing mainly (generally at least 65%) in global equities (company shares) with the remainder in bonds (corporate and/or government bonds) and/or cash. It's designed to track the markets it invests in, so performance should be similar to those markets. In the six years before your target retirement year (the cash target stage), we'll progressively move you into less risky investments and then into cash. On your selected retirement date, your fund will be 100% invested in cash. We review our workplace target funds regularly and may change them if we believe it's in the best interests of investors.

Where the fund invests

In the growth stage, the fund invests in a mix of investments designed to grow an investor's pension. The chart below shows where the fund invested on 31 March 2022.



Source: Aegon UK. These figures may not add up to exactly 100% due to rounding.

How has the fund performed?

Fund	3 months (%)	1 year (%)	3 years (% a year)	5 years (% a year)
Aegon Growth Tracker (Cash Target) (ARC)	-2.3	8.3	8.1	6.6
Benchmark	-2.8	8.5	8.8	7.3

Source: FE fundinfo. Produced by Aegon. Figures in £s on a bid-to-bid basis, net of charges with gross income reinvested to 31 March 2022. This fund is currently measured against a composite benchmark of the following indices and weights: 20% MSCI UK All Cap / 55% MSCI ACWI ex UK / 8% BBgBarc Sterling Gilts / 2% BBgBarc UK Govt Infl Lkd Bond Float adjusted / 10% BBgBarc Sterling NonGilts / 5% JPM GBI ex UK.

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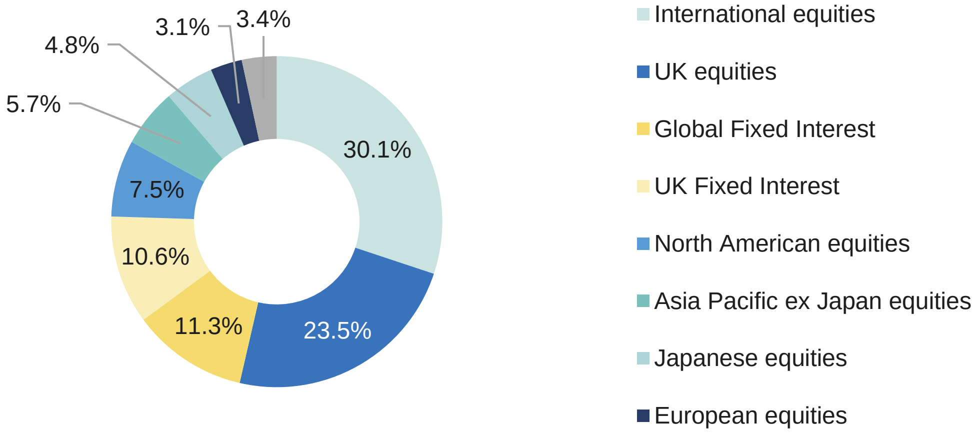
In-house default fund

Aegon Workplace Default (ARC)

This is Aegon's default fund. It is a single solution that adapts to meet employees' changing needs throughout their working life - right up to retirement and beyond. It uses a two-stage investment process. In the early years (the growth stage) it aims to grow savings over the long term by investing mainly (generally at least 65%) in global equities (company shares) with the remainder in bonds (corporate and/or government bonds) and/or cash. In the six years before your target retirement year, we'll progressively move you into less risky investments. This process assumes that you'll remain invested at retirement, potentially withdraw some of your fund and keep your options about taking an income open. As this is Aegon's default fund, we reserve the right to make sure it continues to remain appropriate for use as a scheme default.

Where the fund invests

In the growth stage, the fund invests in a mix of investments designed to grow an investor's pension. The chart below shows where the fund invested on 31 March 2022.



Source: Aegon UK. These figures may not add up to exactly 100% due to rounding.

How has the fund performed?

Fund	3 months (%)	1 year (%)	3 years (% a year)	5 years (% a year)
Aegon Workplace Default (ARC)	-2.3	8.3	8.2	n/a

Source: FE fundinfo. Produced by Aegon. Figures in £s on a bid-to-bid basis, net of charges with gross income reinvested to 31 March 2022.

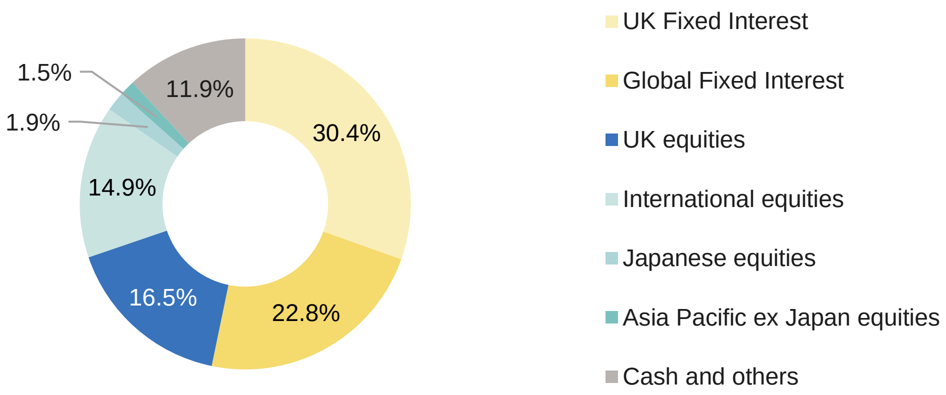
Past performance is not a reliable indicator of future performance. The value of an investment can go down as well as up and isn't guaranteed. Investors could get back less than they invest.

Aegon Workplace Default Retirement fund (ARC)

This fund is designed for those invested in the Aegon Workplace Default fund who have reached their target retirement year and intent to remain invested at retirement to keep their options about taking an income open. They'll automatically be transferred into this fund in their selected retirement year. It aims to keep risk lower than the growth stage and make sure they're not reliant on the success of just one investment type. It does this by investing in a mix of underlying investments (company shares, bonds and cash) and countries. It's designed to track the markets it invests in, so performance should be similar to those markets. This fund is designed as a short-to-medium term investment.

Where the fund invests

The chart below shows where the fund invested on 31 March 2022.



Source: Aegon UK. These figures may not add up to exactly 100% due to rounding.

How has the fund performed?

Fund	3 months (%)	1 year (%)	3 years (% a year)	5 years (% a year)
Aegon Workplace Default Retirement (ARC)	-3.5	1.7	3.6	n/a

Source: FE fundinfo. Produced by Aegon. Figures in £s on a bid-to-bid basis, net of charges with gross income reinvested to 31 March 2022.

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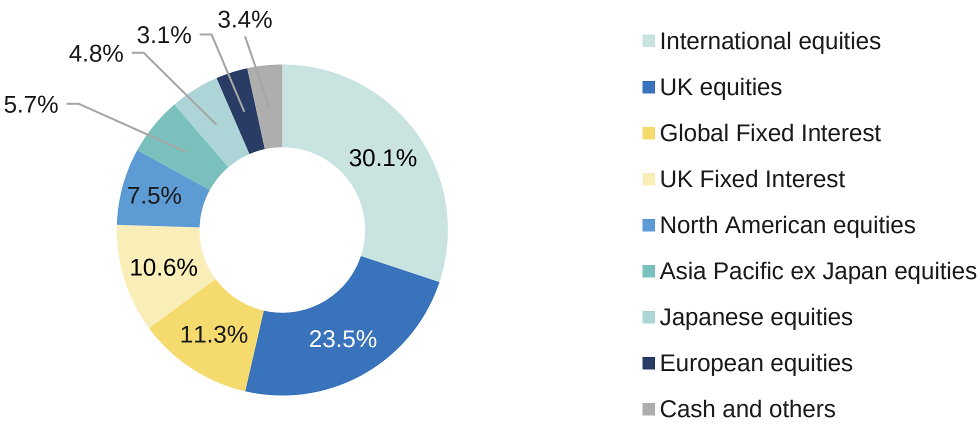
Aegon Default Equity & Bond Lifestyle (ARC)

This fund uses a two-stage investment process. In the early years (the growth stage) it aims to grow savings over the long term by investing mainly (generally at least 65%) in global equities (company shares) with the remainder in bonds (corporate and/or government bonds) and/or cash. It's designed to track the markets it invests in, so performance should be similar to those markets. Then, six years before your nominated retirement year, it automatically starts moving into investments better suited to preserving the size of annuity you can buy (the lifestyle stage). It does this by investing increasing amounts into the Long Gilt fund. This process assumes you'll buy an annuity when you retire. In the final two years, we'll also move some of your investment into our Cash fund, to cater for your tax-free cash entitlement. Up until May 2018, this was Aegon's default fund, which meant it was designed for use by company pension schemes. We reserve the right to make changes to make sure this fund continues to remain appropriate for use as a scheme default.

Where the fund invests

In the growth stage, the fund invests in a mix of investments designed to grow an investor's pension. The chart below shows where the fund invested on 31 March 2022.



Source: Aegon UK. These figures may not add up to exactly 100% due to rounding.

How has the fund performed?

Fund	3 months (%)	1 year (%)	3 years (% a year)	5 years (% a year)
Aegon Default Equity & Bond Lifestyle (ARC)	-2.3	8.3	8.0	6.6

Source: FE fundinfo. Produced by Aegon. Figures in £s on a bid-to-bid basis, net of charges with gross income reinvested to 31 March 2022.

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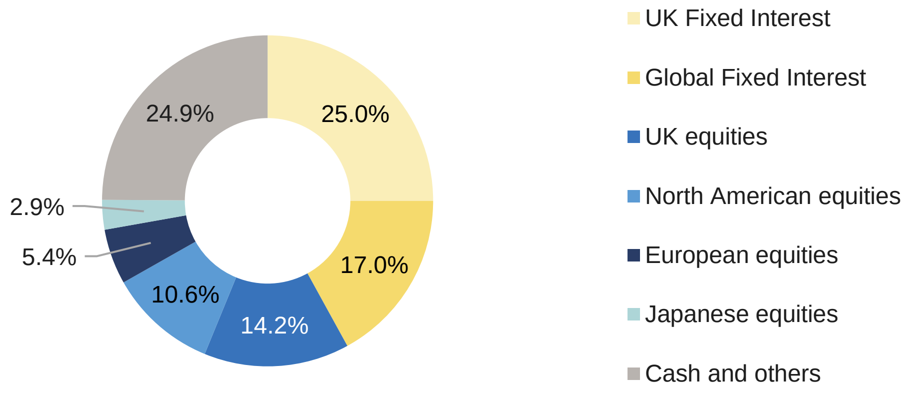
Interim Retirement Target range

Aegon Interim Retirement (Flexible Target) fund

This fund is designed for those invested in a Flexible Target fund who have reached their target retirement year but haven't yet taken their pension benefits. In their target retirement year, they will automatically be transferred into this fund. While investors decide how they want to take a retirement income, it aims to keep risk low and make sure they're not reliant on the success of just one investment type. It does this by investing in a mix of investments (company shares, bonds and cash) and countries. It's designed to track the markets it invests in, so performance should be similar to those markets. This fund is designed as a short-to-medium term investment.

Where the fund invests

The chart below shows where the fund invested on 31 March 2022.



Source: Aegon UK. These figures may not add up to exactly 100% due to rounding.

How has the fund performed?

Fund	3 months (%)	1 year (%)	3 years (% a year)	5 years (% a year)
Aegon Interim Retirement (Flexible Target) (ARC)	-3.3	2.5	3.6	3.1

Source: FE fundinfo. Produced by Aegon. Figures in £s on a bid-to-bid basis, net of charges with gross income reinvested to 31 March 2022.

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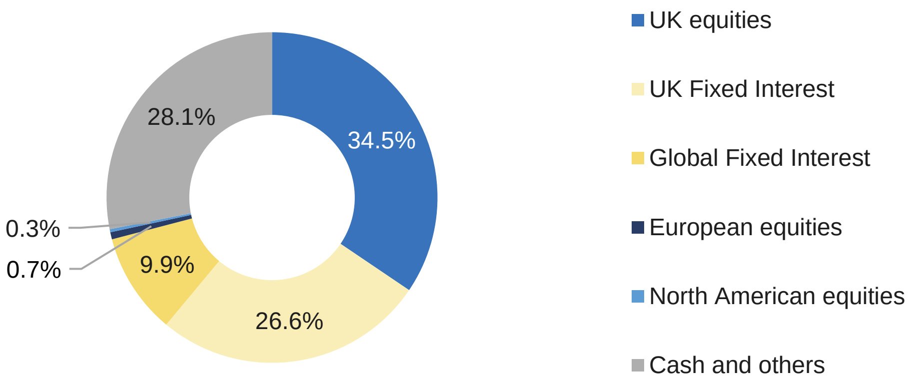
Aegon Interim Retirement (Ethical Target) fund

This fund is designed for investors in the Ethical Managed (Flexible Target) fund who have reached their target retirement year but haven't yet taken their benefits as planned. In their target retirement year investors are automatically transferred into this interim fund. While investors decide how they want to take a retirement income, it aims to keep risk low and make sure they're not reliant on the success of just one investment type. It does this by investing in a mix of investments (company shares, bonds and cash) that meet the fund's pre-defined ethical criteria. Its ethical criteria means the fund may have a bias towards small-and medium-sized companies. This fund is designed as a short-to-medium term investment.

Where the fund invests

The chart below shows where the fund invested on 31 March 2022.



Source: Aegon UK. These figures may not add up to exactly 100% due to rounding.

How has the fund performed?

Fund	3 months (%)	1 year (%)	3 years (% a year)	5 years (% a year)
Aegon Interim Retirement (Ethical Target) (ARC)	-7.2	-2.1	3.9	2.9

Source: FE fundinfo. Produced by Aegon. Figures in £s on a bid-to-bid basis, net of charges with gross income reinvested to 31 March 2022.

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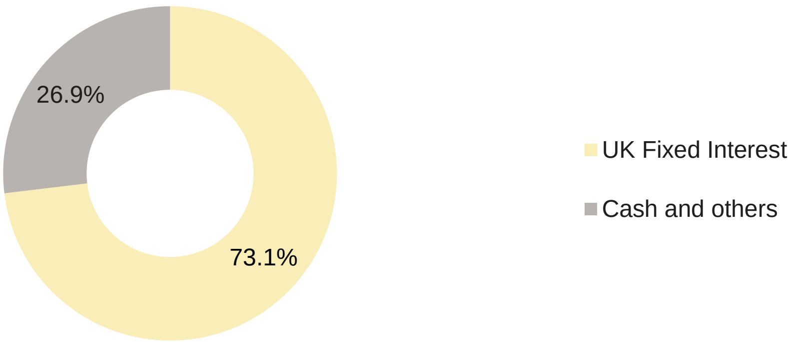
Aegon Interim Retirement (Annuity Target) fund

This fund is designed for those invested in an Annuity Target fund who have reached their target retirement year but have not yet bought an annuity (pension) as planned. In their target retirement year, they will automatically be transferred into this fund. It aims to help preserve the size of pension investors can buy through an annuity by investing 75% of the fund in long-dated UK government bonds (gilts). The remaining 25% of the fund is invested in cash, so investors can take the maximum tax-free cash lump sum they're entitled to when they retire, based on current legislation. This fund is designed as a short-to-medium term investment.

Where the fund invests

The chart below shows where the fund invested on 31 March 2022.



Source: Aegon UK. These figures may not add up to exactly 100% due to rounding.

How has the fund performed?

Fund	3 months (%)	1 year (%)	3 years (% a year)	5 years (% a year)
Aegon Interim Retirement (Annuity Target) (ARC)	-9.4	-5.9	-0.3	1.0

Source: FE fundinfo. Produced by Aegon. Figures in £s on a bid-to-bid basis, net of charges with gross income reinvested to 31 March 2022.

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Aegon Interim Retirement (Cash Target) fund

This fund is designed for those invested in a Cash Target fund who have reached their target retirement year but have not yet cashed in their pension savings as planned. In their target retirement year, they will automatically be transferred into this fund. The fund aims to provide a return in line with money market interest rates, before charges, by investing in short-term, sterling denominated money market instruments such as bank deposits, certificates of deposit and short-term fixed interest securities. Like other funds in the ABI Deposit and Treasury sector, the fund can only invest in very short-term investments so the rates of return may be lower than for cash funds able to invest in riskier, longer-term cash securities. This fund is designed as a short-term investment.

Where the fund invests

The chart below shows where the fund invested on 31 March 2022.

Source: Aegon UK. These figures may not add up to exactly 100% due to rounding.

How has the fund performed?

Fund	3 months (%)	1 year (%)	3 years (% a year)	5 years (% a year)
Aegon Interim Retirement (Cash Target) (ARC)	0.1	0.1	0.4	0.4

Source: FE fundinfo. Produced by Aegon. Figures in £s on a bid-to-bid basis, net of charges with gross income reinvested to 31 March 2022.

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Our Fund Governance

As part of getting the UK ready for retirement we're dedicated to making sure our insured funds are able to meet their commitments to you. Rigorous governance is our highest priority, and is underpinned by our Funds Promise:

- We aim to offer high quality funds which meet their objectives.
- We monitor funds to check if they perform as expected.

Funds Promise

- We take action if funds don't meet expectations.
- We give you the facts you need to make decisions.

Find out more about our fund governance process on our website www.aegon.co.uk/fundgovernance

Our Funds Promise applies to insured funds available to UK investors. These funds typically have a name starting with 'Aegon' or 'Scottish Equitable'. This includes all the funds in the Workplace Target range.

The value of an investment can go down as well as up and isn't guaranteed. Investors could get back less than they invest.

aegon.co.uk @aegonuk Aegon UK Aegon UK