

Aegon Property Income Fund

This fund continues to be suspended pending closure.

As clients may recall from previous updates, this fund along with many other open ended property funds was suspended in March 2020 at the onset of the Covid-19 pandemic as we entered into our first nationwide lockdown. Uncertainty over property market conditions meant the independent valuers of the underlying property assets within the fund were unable to value these which in turn triggered a “material uncertainty clause” and these funds were subsequently suspended.

Whilst some, but not all, other property funds have since reopened, Aegon had decided to keep the suspension in place until such time that they could raise sufficient liquidity to meet any redemptions that would be actioned upon the reopening of the fund. In order to raise liquidity levels the fund managers have to sell property assets, which understandably takes time and we had been hopeful that the fund would reopen in the third quarter of 2021. However, on 23 June we received a communication from Aegon Asset Management that it is now their intention to permanently close the fund as they anticipate the number of redemptions will be impossible to meet if they were to reopen.

Prior to this announcement, the Investment Committee had recently reviewed the fund and, following several conversations with Aegon, concluded that we would sell the fund when it reopened as we did not believe the underlying property asset mix was the best solution for our clients in a post-Covid world.

Following the closure announcement, the Aegon fund will continue to be held outside of model portfolios until such time as the proceeds are returned to unit holders. Aegon have advised they will make an initial distribution of around 40% of the fund’s value, based on current cash levels, which will most likely be in Q3 this year. They will continue to sell down the remaining property assets and the return the proceeds to clients over the next 12 to 24 months. Aegon will continue to charge a reduced management fee of 0.6% on the value of outstanding holdings.

We will continue to provide updates as and when we receive them from Aegon Asset Management. If you should have any questions or wish to discuss this in more detail, then please do not hesitate to contact your usual adviser. For further information on the announcement please use the following link to Aegon’s website:

<https://www.aegonam.com/en/strategies--funds/property/property-income-fund/>