

AEGON DOMESTIC

BOND FUND

GENERAL INFORMATION

ISIN code: HU-0000702493
Bloomberg kód: AEGDOME HB Equity
Fund Manager: AEGON Magyarország Befektetési Alapkezelő Zrt.
Custodian: Citibank Europe plc Magyarországi Fióktelepe
Launch Date of the Fund: 16.03.1998
Currency: HUF
Benchmark: 100% MAX Index
Net Asset Value (HUF): 58 771 483 440
Net Asset Value per share: 3,226055

DISTRIBUTORS

AEGON Magyarország Befektetési Jegy Forgalmazó Zrt.
 BNP Paribas Magyarországi Fióktelepe
 CIB Bank Zrt.
 Citibank Europe plc Magyarországi Fióktelepe
 Codex Értéktár és Értékpapír Zrt.
 Commerzbank Zrt.
 Concorde Értékpapír Zrt.
 Equilor Befektetési Zrt.
 ERSTE Befektetési Zrt.
 OTP Bank Nyrt.
 Raiffeisen Bank Zrt.
 Magyar Takarékszövetkezeti Bank Zrt.
 UniCredit Bank Hungary Zrt.

INVESTMENT POLICY OF THE FUND

Only Hungarian Government Securities, debt securities guaranteed by the Hungarian state, corporate bonds, debt securities issued by local governments can get into the portfolio of the Fund. In order to decrease the risk of the portfolio, the fund manager analyses the risk factors of the securities and confirms the decisions taking with thorough calculations. When choosing a security, one of the most important factors is that the security should be liquid. Due to the professional diversification and the active portfolio management the Fund provides its investors with a low risk – high yield investment alternative.

INVESTMENT HORIZON:

Suggested minimum investment period



3 months



1 year



2 years



3 years



5 years

Risc Scale



very low



moderate



high

THE ASSET ALLOCATION OF THE FUND 31. 10. 2010.

Hungarian Government Bonds	90,79%
Hungarian T-bills	6,54%
Current account	0,02%
Government paper repo	1,10%
Other assets	1,56%
Total investment assets	100,00%
Net corrected leverage	20,61%
Derivative products	0,00%

MARKET SUMMARY

The Fund suffered slight losses in October. The Hungarian inter-bank interest rates started to increase mainly because the developed yields also went up in the middle of the month. Yields of Hungarian bonds above the inter-bank rates (asset-swap premium) tightened because of government plans with the budget deficit. Although news: that the budget deficit can stay below 3% received favorable response, the market was not entirely happy with the measurements, considering the Pension Funds and Bank tax. Short term view of the domestic economy has worsen and sustainability concerns emerged again. Currently technical aspects like the positioning of market players, supply-demand can override the fundamental issues on the bond markets, that is why the yield were able to stabilize.

NET YIELD PERFORMANCE OF THE FUND:

Time horizon	12 months	2009 year	2008 year	2007 year	2006 year	2005 year
Net return of the Fund*	7,75%	11,72%	2,47%	4,56%	7,06%	8,43%
Benchmark performance**	7,36%	13,84%	1,80%	4,92%	5,43%	7,45%

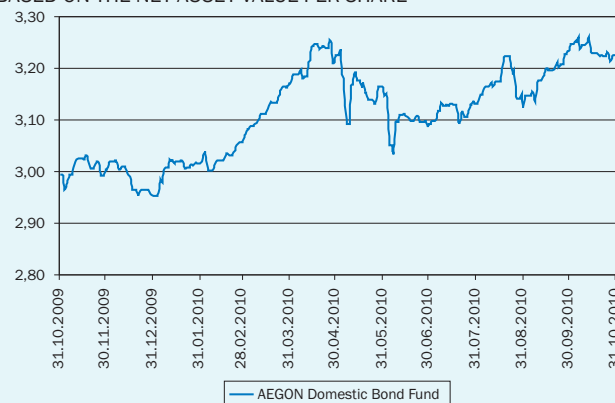
* It shows the net performance of the fund until 31/10/10

The Fund was launched on 16/03/98

** The net return of the benchmark index.

THE NET PERFORMANCE OF THE FUND

BASED ON THE NET ASSET VALUE PER SHARE



Past performance is no guarantee of future results. This report should not be considered as an offer or investment advisory. The Fund Prospectus contains the detailed conditions of the investment. The distribution costs of the fund purchase can be found at the distributors.