

# AEGON EMMA EMERGING MARKETS

BOND FUND

## GENERAL INFORMATION

**ISIN code:** HU-0000705256  
**Bloomberg code:** AEGEMMA HB Equity  
**Fund Manager:** AEGON Magyarország Befektetési Alapkezelő Zrt.  
**Custodian:** UniCredit Bank Hungary Zrt.  
**Main distributor:** AEGON Magyarország Befektetési Jegy Forgalmazó Zrt.  
**Distributors:** CIB Bank Zrt.; Codex Értéktár és Értékpapír Zrt.; Equilor Befektetési Zrt.; ERSTE Befektetési Zrt.; UniCredit Bank Hungary Zrt.; Raiffeisen Bank Zrt.; Magyar Takarékszövetkezeti Bank Zrt.; BNP Paribas Magyarországi Fióktelepe; Commerzbank Zrt.; Concorde Értékpapír Zrt.  
**Launch Date of the Fund:** 11.05.2007  
**Currency:** HUF  
**Benchmark:** 100% JP Morgan Global Emerging Market Bond Index  
**Net Asset Value (HUF):** 373 059 164  
**Net Asset Value per share:** 1.015894

## Investment Policy of the Fund:

The AEGON Hungary Fund Management Co. launched the AEGON EMMA Emerging Markets Bond Fund, so that potential investors could profit from those countries' bond markets which offer high-yields. Although these countries are developing ones, their macroeconomic background is stable and they are on a growth path. The anticipatory yield of the Fund is higher than the yield of a domestic bond fund, but the risk is also a bit bigger. A high yield, or "junk bond" is a bond issued by a country or a company that is considered to have higher credit risks. The credit rating of a high yield bond is considered "speculative grade", or below "investment grade". This means that the chance of default with high yield bonds is higher than for other bonds. Their higher credit risk means that "junk bond" yields are higher than bonds of better credit quality. Studies have demonstrated that portfolios of high yield bonds have higher returns than other bond portfolios, suggesting that the higher yields more than compensate for their additional default risk. The investment possibilities of the Fund are very wide, so the portfolio manager has a widespread financial leeway to build up an optimal portfolio. We target the utmost yield by taking the lowest risk. By taking investment decisions we use fundamental and technical analysis, and we certainly keep an eye on the market sentiment. Our investment decisions are supported by a special investment-planning model, which contains important macroeconomical data and indicators, like the anticipated level of inflation in these countries, their GDP growth, their credit ratings and so on. The portfolio manager generates a so-called risk - yield map, by focusing on the anticipated macroeconomic environment, the anticipated yield curve, and the above-mentioned model. Ultimately, the map demonstrates which risk-yield pairs are considered to be safe and offer relatively high yields at the same time.

## Investment horizon:

Suggested minimum investment period



3 months



1 year



2 years



3 years



5 years

Risk Scale



very low



moderate



high

## The asset allocation of the Fund, 31.01.2010

Hungarian T-bills	0.00%
Hungarian Government Bonds	22.46%
International Bonds	76.91%
Government paper repo	0.00%
Current account	0.52%
Other assets	0.08%
Total investment assets	100.00%
Net corrected leverage	46.62%
Derivative products	7.22%

## Market Summary:

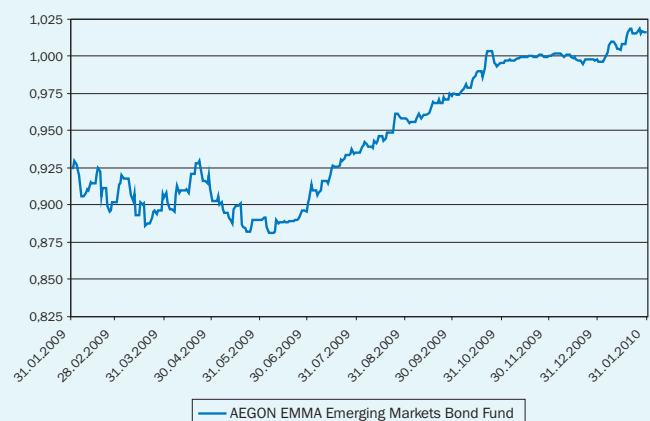
The Fund climbed by around 2% in January and our Hungarian bond exposure performed pretty well due to the domestic strengthening at the first week of the year. The 50bp drop of yields has been followed with a correction. After the well timed trim of the Hungarian bond exposure we have taken Polish and Czech positions as the threshold of portfolio repositioning in line with the new investment policy. We keep the interest risk low at these markets, because supply pressure can have negative effect as need for financing government debts grow. The portfolio suffered losses on the Greek bonds, but we remain optimistic and believe that Greek will be able to face the upcoming challenges even if temporary bridging aids have to be accepted from supranational organization and the necessary measurements will be applied to moderate the country's credit default risk.

## NET Yield Performance of the Fund:

Time horizon	12 months*	2009 year	2008 year
Net return of the Fund*	9.78%	16.47%	-16.10%
Benchmark performance**	5.63%	26.35%	-3.70%

\* It shows the net performance of the fund until 31/01/10  
 The Fund was launched on 11/05/07  
 \*\* 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.