

# AEGON CENTRAL EUROPEAN

## 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.  
**Launch Date of the Fund:** 2007.05.11  
**Currency:** HUF  
**Benchmark:** 50% EFFAS Poland Liquid All > 1YR Index + 30% EFFAS Hungary Liquid All >1YR Index + 20% EFFAS Czech Republic Liquid All > 1 YR Index  
**Net Asset Value (HUF):** 504 654 969  
**Net Asset Value per share:** 1.121416

### DISTRIBUTORS

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

### INVESTMENT POLICY OF THE FUND

The AEGON Hungary Fund Management Co. launched the AEGON Central-European 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 macroeconomic 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. 05. 2011.

Hungarian T-bills	0.00%
Hungarian Government Bonds	19.33%
International Bonds	79.22%
Other assets	-0.02%
Government paper repo	0.00%
Current account	1.35%
Liabilities	0.18%
Receivables	0.06%
Total investment assets	100.00%
Net corrected leverage	99.90%
Derivative products	3.96%

### MARKET SUMMARY

CEE bond markets showed strength in May, with both Polish and Czech government bonds posting gains as core market rates also fell. Furthermore, evidence of weaker domestic demand in these economies led investors to revise the outlook of monetary tightening in these markets.

The risk assessment of the Polish market improved somewhat as the current account data revisions seem to be shifting out of focus and investors' attention is turned toward the ambitious fiscal tightening program, which can help reduce Poland's twin deficit problem, supporting the Polish fixed income market. The outperformance of the HUF in a regional (and broader emerging market) context has limited the upside in the fund's unit value so far this year, though this also leaves the fund with a certain potential.

### NET YIELD PERFORMANCE OF THE FUND:

Time horizon	12 months*	2010 year	2009 year	2008 year
Net return of the Fund*	4.79%	11.80%	16.47%	-16.10%
Benchmark performance**	3.41%	12.03%	26.35%	-3.70%

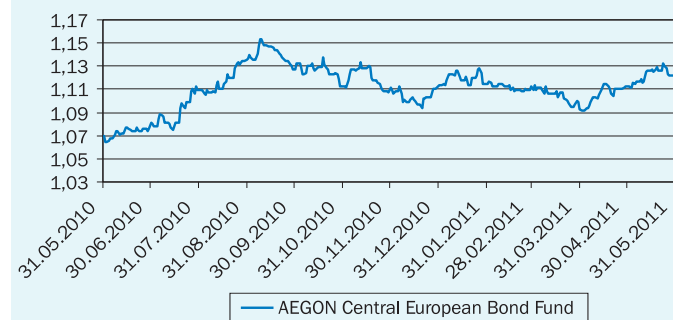
\* It shows the net performance of the fund until 31/05/11

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.