

# AEGON Central European Bond Fund

## GENERAL INFORMATION

Fund Manager:	AEGON Hungary Fund Manager Ltd.
Custodian:	Unicredit Bank Hungary Zrt.
Main distributor:	AEGON Hungary Befektetési Jegy Forgalmazó Zrt.
Benchmark composition:	50% PDLATR Index + 30% HNLATR Index + 20% CHLATR Index
ISIN code:	HU0000705256
Start:	2007.05.11
Currency:	HUF
Total Net Asset Value of the Fund:	514,611,827 HUF
Net Asset Value per unit:	1.141200 HUF

## 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.

## DISTRIBUTORS

AEGON Magyarország Befektetési Jegy Forgalmazó Zrt.

BNP-Paribas Magyarországi Fióktelepe

CIB Közép-Európai Nemzetközi Bank Zrt.

Codex Értéktár és Értékpapír Zrt.

Commerzbank Zrt.

CONCORDE Értékpapír Zrt.

Equilor Befektetési Zrt

Erste Befektetési Zrt.

Raiffeisen Bank Zrt.

Takarékbank Zrt

Unicredit Bank Hungary Zrt.

## NET YIELD PERFORMANCE OF THE FUND:

Time horizon	12 months	2010 year	2009 year	2008 year
Investment note	0.37 %	11.80 %	16.47 %	-16.10 %
Net benchmark	-0.42 %	11.79 %	25.76 %	-4.70 %

## NET PERFORMANCE OF THE FUND

NET ASSET VALUE PER SHARE, 2010.09.01 - 2011.08.31



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.

## INVESTMENT HORIZON:

Suggested minimum investment period:



Risc Scale:



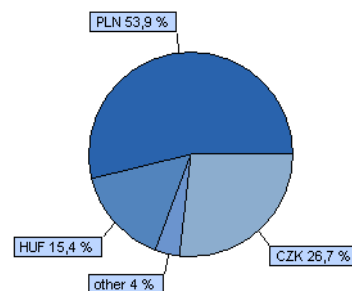
## MARKET SUMMARY:

In spite of the panic sentiment and crashing stock markets our fund advanced by 0.5% in the last month. In this period regional macro had no significant role in shaping market events as the market was totally driven by international sentiment. The world economy has been struggling with structural headwinds for years because of the high debt level of households, governments and banks. The resulting financial fragility may be the reason for the extreme repricing of the future growth outlook by global equity markets, only partly justified by fundamentals in our view. Despite the risk off on mode, investors wary of currency debasement in developed markets, reallocate funds into the emerging markets including Hungary. These flows provided support for emerging FX and local currency bonds, traditionally considered to be risky assets, even the midst of risk aversion. After some volatility yields declined on all of the three markets, which resulted in the appreciation of our fund's unit value.

## ASSET ALLOCATION OF THE FUND ON 08/31/2011

Asset type	Weight
treasury bonds	94.79 %
T-bills	3.66 %
Current account	1.78 %
Liabilities	-0.13 %
total	100.00 %
Derivative products	0.00 %
Net corrected leverage	100.13 %

## Currency exposure:



## Bondy by tenor:

