AEGON Central European Credit Fund institutional series

GENERAL INFORMATION

Fund Manager:	AEGON Hungary Fund Manager Ltd.
Custodian:	Citibank Europe plc Magyarországi Fióktelepe
Main distributor:	AEGON Hungary Befektetési Jegy Forgalmazó Zrt.
Benchmark composition:	100% RMAX Index + 1%
ISIN code:	HU0000709605
Start:	2011.01.12
Currency:	HUF
Total Net Asset Value of the whole Fund:	8,577,412,465 HUF
Net Asset Value of institutional series:	8,262,313,862 HUF
Net Asset Value per unit:	1.172745 HUF

INVESTMENT POLICY OF THE FUND:

Primarily investing in the CEE region's bond markets the main purpose of the Fund is to provide investors with yields higher than those of domestic money market. The Fund's investments principally concentrate on the corporate and mortgage bond market but government bonds issued in foreign currency are also among the possible fields of interest. The direction of investment is based on regular market analysis and evaluation. Each issuer's thorough analysis regarding financial credibility is crucial in the process of creating the portfolio. Risk Management and regular monitoring of issuers also carry high significance.

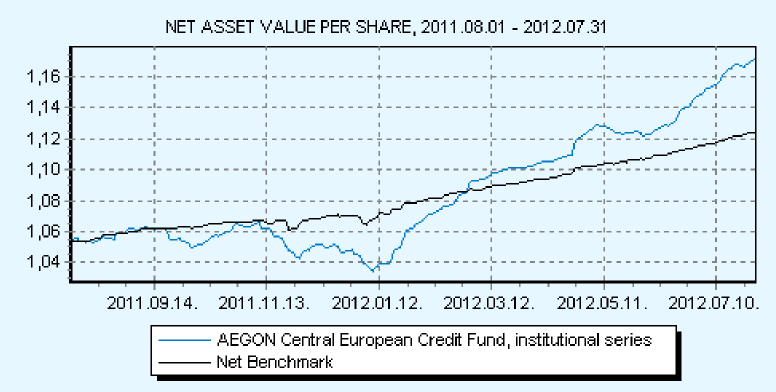
DISTRIBUTORS

AEGON Magyarország Befektetési Jegy Forgalmazó Zrt.

NET YIELD PERFORMANCE OF THE FUND:

Time horizon	12 months
Investment note	11.29 %
Net benchmark	6.67 %

NET PERFORMANCE OF THE FUND



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:

3 months | 1 year (selected) | 2 years | 3 years | 5 years

Risc Scale:

very low | (selected: 2) | moderate | | high

MARKET SUMMARY:

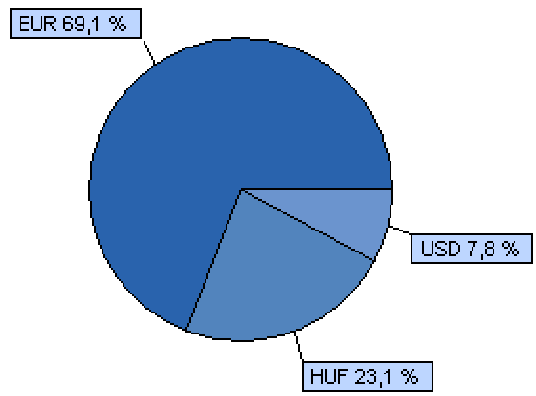
The ECB cut its base rate by 25 bps in July which also meant that the deposit rate was reduced to 0%. As a consequence of this move, bank deposits at ECB declined significantly causing a havoc in short bond yields, with 2 year yields declining to negative territory in more core EU countries while the long end retested it previous lows. Given the continued economic weakness probability of further monetary easing increased and the cash squeeze continued in the bond universe. We were reluctant to offload risk in the rally, momentum on fixed income markets remains extremely strong driven by the prospects of further monetary easing by core central banks. Spreads tightened significantly, in general, the EMBIG was lower by 30bps, the CEMBI is down by roughly 20 bps. European non-periphery countries (e.g. Czech Republic, Poland) performed well as investors look for yield, local and/or hard currency debt rallied during the month. Periphery countries are still laggards, technicals are not favourable, yields remained volatile, although end of the month comments of ECB president Draghi that promised more ECB firepower were quite promising. Local news flow were neutral, the first visit of the EU/IMF delegations ended. We expect tough negotiations that will conclude in a deal in Q4 so we still find local spreads attractive. We added some short Slovenian bonds: yields sold off quickly amid the recapitalisation needs of the banking sector. Given the small size of this Eurozone economy we do not see huge risk here, even in case of losing market access external support looks easy to get.

ASSET ALLOCATION OF THE FUND ON 07/31/2012

Asset type	Weight
Corporate bonds	43.27 %
treasury bonds	29.21 %
Mortgage debentures	18.85 %
T-bills	2.65 %
Market value of open derivative positions	3.94 %
Current account	1.82 %
Repos	0.29 %
Liabilities	-0.01 %
total	100,00 %
Derivative products	70.66 %
Net corrected leverage	96.09 %

Assets with over 10% weight
There is no such instrument in the portfolio

Currency exposure:



Bondy by tenor: