

AEGON International Bond Fund

GENERAL INFORMATION

Fund Manager:	AEGON Hungary Fund Manager Ltd.
Custodian:	Citibank Europe plc Magyarországi Fióktelepe
Main distributor:	AEGON Hungary Fund Manager Ltd.
Benchmark composition:	80% Merrill Lynch Global Government Bond Index II ex-Japan + 20% ZMAX Index
ISIN code:	HU0000702477
Start:	04/21/1999
Currency:	HUF
Total Net Asset Value of the whole Fund:	1,734,172,853 HUF
Net Asset Value of HUF series:	1,734,172,853 HUF
Net Asset Value per unit:	1.663127 HUF

INVESTMENT POLICY OF THE FUND:

The fund aims to create an explicitly defensive investment portfolio for its investors, and typically invests in developed-market government bonds, and related exchange-traded derivative transactions, in the interest of achieving the highest possible return with the assumption of currency risk. The fund primarily aims for a portfolio consisting of the publicly issued bonds of foreign governments and foreign-domiciled companies. When building the fund's portfolio, beyond the minimum statutory requirements, the principles of safety and maximum diversification (the spreading of risk) are observed. Accordingly, when purchasing international securities the fund only selects publicly issued securities that are listed on foreign stock exchanges. The proportion of non-investment-grade securities is maintained at a low level, and if the planned ratio is overstepped due to the downgrading of a given issuer the fund restores it under the conditions stipulated by the relevant legal provisions. The fund management company, exercising all due care, based on its own judgement and decisions, and while observing the relevant legal provisions and the limitations stipulated in the Fund Documentation, determines the means of utilising the fund's resources, and the weights of the various investments within the portfolio, with a view to ensuring that the fund - in line with our expectations with regard to future risks and returns - achieves its objective in the long term. In the course of its operation, however, the fund is managed on the premise that when compiling the portfolio, it is bonds that determine the nature of the fund. Accordingly, the proportion of bonds that may be kept in the fund at any given moment may reach the prevailing statutory maximum. When compiling the bond portfolio, taking into account the macroeconomic environment of the investment markets, the aim is to build up a long-term investment portfolio primarily on the basis of fundamental analyses. To ensure liquidity, the fund may purchase Hungarian government securities (primarily discount treasury bills) and MNB bonds; however, in accordance with the current statutory regulations the proportion of foreign bonds in the portfolio may be up to 100%. The fund management company is permitted, at its own discretion, to hedge all or a part of its currency risks with forward currency positions, in compliance with the statutory conditions.

DISTRIBUTORS

AEGON Magyarország Befektetési Alapkezelő Zrt., OIB Közép-Európai Nemzetközi Bank Zrt., Citibank Europe plc Magyarországi Fióktelepe, Codex Tőzsdeügynökség és Értéktár Zrt., CONCORDE Értékpapír Zrt., Equilor Befektetési Zrt., Erste Befektetési Zrt., Raiffeisen Bank Zrt., SPB Befektetési Zrt., Takarékbank Zrt., Unicredit Bank Hungary Zrt.

NET YIELD PERFORMANCE OF THE FUND:

Interval	Yield of note	Benchmark yield
From start	3.46 %	3.97 %
2013	-3.51 %	-4.21 %
2012	-2.48 %	-3.23 %
2011	19.06 %	17.60 %
2010	6.45 %	10.65 %
2009	3.56 %	-0.17 %
2008	7.24 %	15.18 %
2007	-0.05 %	-5.61 %
2006	-2.05 %	-2.35 %
2005	10.52 %	9.83 %
2004	-2.13 %	-4.91 %

RISK INDICATORS FOR THE LAST 12 MONTHS:

Annualized standard deviation of the fund's weekly yields: 8.31 %
Annualized standard deviation of the benchmark's weekly yields: 8.61 %

INVESTMENT HORIZON:

Suggested minimum investment period:



Risk and Reward Profile:



MARKET SUMMARY:

The sentiment on the emerging markets was fully determined by the geopolitical conflict between Russia and Ukraine. After the social unrest in February and the replacement of Mr. Yanukovich, tensions were intensified as the Crimea parliament filed an official request to join Russia. After the Russian duma welcomed the request, EU and US officials introduced sanctions against various individuals and corporates that have taken part in escalating the tensions in Ukraine. Meanwhile, at the other end of the Atlantic-ocean Ms Janet Yellen held her first FOMC meeting as chair. The decision regarding the tapering came as expected: the FOMC reduced the pace of quantitative easing by USD 10 billion. What was not expected though was the relatively hawkish tone of the comment which stated that the members of the committee see an earlier rise in the Fed funds rate. In contrast, the policymakers at the European Central Bank expressed their view on the European economy which turned out to be pointing to a dovish direction. The more strict tone from the Fed caused the US yield curve to bear flatten with the short end increasing significantly. The 3 year UST yield added 13 basispoint after the meeting. Market of the 10 year government bond was also better offered but the weakening was only 10 basispoints. US government bonds managed to strengthen until the end of the month, the 10 year government bond's yield increased by 7 basispoints throughout March. The Spanish and Italian government bonds continued their rally in March. The yieldspreads above the 10 year German bund of the two papers have decreased by 30 and 25 basispoints respectively.

ASSET ALLOCATION OF THE FUND ON 03/31/2014

Asset type	Weight
Government bonds	65.75 %
Corporate bonds	12.73 %
T-bills	9.47 %
Current account	7.76 %
Receivables	4.39 %
Liabilities	-0.15 %
Market value of open derivative positions	0.05 %
total	100.00 %
Derivative products	36.78 %
Net corrected leverage	103.75 %

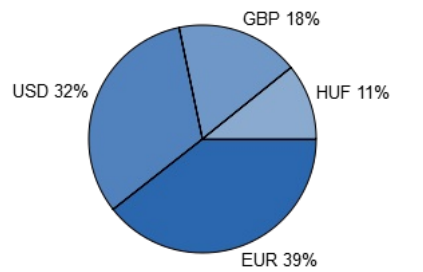
TOP 5 POSITIONS

SPGB 2018/10/31 3,75% (Spanyol Állam)
USGB 2022/08 1,625% (Amerikai Egyesült Államok)
UKGB 2015/12 8,00% (Egyesült Királyság)
D140416 (Államadósság Kezelő Központ Zrt.)
USGB 2031/02 5,375% (Amerikai Egyesült Államok)

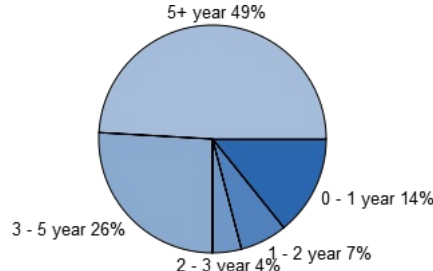
Assets with over 10% weight

There is no such instrument in the portfolio

Currency exposure:



Bonds by tenor:



NET PERFORMANCE OF THE FUND

NET ASSET VALUE PER SHARE, 04/01/2013 - 03/31/2014



----- AEGON International Bond Fund ----- Benchmark

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.