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:	1,708,259,772 HUF
Net Asset Value of HUF series:	1,708,259,772 HUF
Net Asset Value per unit:	1.719499 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., CIB 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	3.63 %	4.08 %
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:	6.91 %
Annualized standard deviation of the benchmark's weekly yields:	7.33 %

INVESTMENT HORIZON:

Suggested minimum investment period:

☐ 3 months ☐ 6 months ☐ 1 year ☐ 2 years ☑ 3 years ☐ 4 years ☐ 5 years

Risk and Reward Profile:

☐ very low ☐ low ☐ moderate ☐ intermediate ☑ significant ☐ high ☐ very high

MARKET SUMMARY:

The US economy continues to heal and the labor market is steadily eliminating available slack. In some sectors of the labor force, such as short-term unemployment, this slack is already gone. Such an environment should inevitably spur the FOMC to start normalizing interest rates, but the real question is when this will happen. QE is expected to end around the end of this year, and it appears it would take a meaningful economic development to derail such an outcome. Chair Yellen and some of the doves on the Fed have said they will maintain the current level of rates for an "extended period" after QE ends. On the other side of the Atlantic, the ECB has cut its deposit rate to minus 0,1 percent, its benchmark rate to 0,15 percent from 0,25 percent. Moreover, the ECB announced that it will provide another LTRO for the banks with a pool of EUR 400 billion at a four-year fixed rate of 0,25% during the second half of 2014. The 10-year US Treasury has not changed significantly during the month, while German 10-year Bunds decreased by 12 basispoints thanks to the dovish ECB. The long-end of the Italian yield curve remained unchanged, while the Spanish 10-year government bond managed to decrease by 9 basispoints relative to the German yields.

ASSET ALLOCATION OF THE FUND ON 06/30/2014

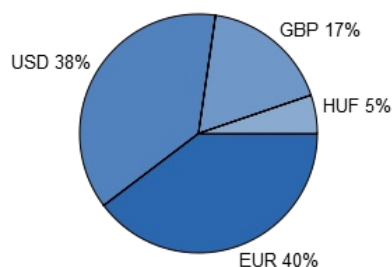| Asset type	Weight
Government bonds	74.08 %
Corporate bonds	13.35 %
T-bills	4.77 %
Current account	7.90 %
Liabilities	-0.15 %
Market value of open derivative positions	0.07 %
total	100,00 %
Derivative products	42.41 %
Net corrected leverage	110.50 %

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)
USGB 2031/02 5,375% (Amerikai Egyesült Államok)
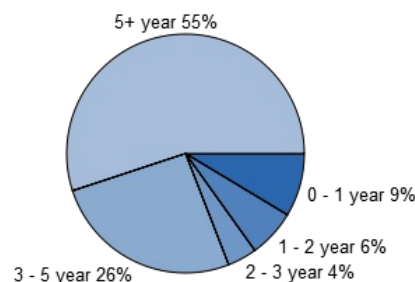USGB 2018/08 2,25% (Amerikai Egyesült Államok)

Assets with over 10% weight

There is no such instrument in the portfolio

Currency exposure:

USD 38%, GBP 17%, HUF 5%, EUR 40%

Bonds by tenor:

5+ year 55%, 0 - 1 year 9%, 1 - 2 year 6%, 2 - 3 year 4%, 3 - 5 year 26%

NET PERFORMANCE OF THE FUND

NET ASSET VALUE PER SHARE, 07/01/2013 - 06/30/2014

----- 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.

AEGON : Befektetési Alapkezelő