Aegon Ozon Capital Protected Fund

GENERAL INFORMATION

Fund Manager:	AEGON Hungary Fund Manager Ltd.
Custodian:	Unicredit Bank Hungary Zrt.
Main distributor:	AEGON Hungary Fund Manager Ltd.
Benchmark composition:	100% RMAX Index
ISIN code:	HU0000705157
Start:	03/19/2007
Currency:	HUF
Total Net Asset Value of the whole Fund:	4,372,724,287 HUF
Net Asset Value of HUF series:	4,372,724,287 HUF
Net Asset Value per unit:	1.629524 HUF

INVESTMENT POLICY OF THE FUND:

The aim of the fund is to provide investors with yields higher than those attainable in the money market, at low risk, through the purchase or sale of securities. The fund invests most of its available assets in domestic discount treasury bills and short-term government bonds - which have the purpose of protecting the investors' capital - while using the rest to purchase riskier instruments on spot and futures markets. Given its approach to the purchase of risky instruments, the fund falls into the category of absolute-return funds: it selects, from among the opportunities available in the domestic and international money and capital markets, the investments with the best expected yield/risk ratio. 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 the our expectations with regard to future risks and returns - achieves its objective in the long term. The Fund offers capital protection for first trading day of every year under special condition. The capital protection is ensured by the investment policy of the Fund. Aegon Ózon Capital Protected Fund must hold minimum 80% of its assets in HUF-denominated bonds issued by the members of European Economic Area.

DISTRIBUTORS

Aegon Magyarország Befektetési Alapkezelő Zrt., Citibank Europe plc Magyarországi Fióktelepe, Codex Tőzsdeügynökség és Értéktár Zrt., Commerzbank Zrt., CONCORDE Értékpapír Zrt., Equilor Befektetési Zrt, Erste Befektetési Zrt., Quantis Alpha 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	5.25 %	5.80 %
2015	1.74 %	1.50 %
2014	3.75 %	3.31 %
2013	5.80 %	5.71 %
2012	7.87 %	8.52 %
2011	4.77 %	5.17 %
2010	3.93 %	5.53 %
2009	8.30 %	10.79 %
2008	7.42 %	8.45 %

NET PERFORMANCE OF THE FUND

NET ASSET VALUE PER SHARE, 10/01/2015 - 09/30/2016

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.

RISK INDICATORS FOR THE LAST 12 MONTHS:

Annualized standard deviation of the fund's weekly yields: 0.33 %
Annualized standard deviation of the benchmark's weekly yields: 0.30 %

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:

August data were disappointing for retail sales, industrial production and CPI as well. Retail sales growth slowed to 3.8% instead of the expected 5.5%, while industrial production changed by -0.1% versus the expectation of 2.7%. CPI also remained in the negative domain (-0.1), instead of accelerating to the forecast of 0.1%. Despite all these readings, the NBH unchanged its GDP growth expectation of 3% for 2016.
There is still a lack of inflation pressure in the Hungarian economy, which is supportive for maintaining the base rate at its current low level.
August budget data was salient, as the surplus reached 200 billion HUF. Surprisingly, S&P upgraded the credit rating of Hungary, therefore Hungary has returned to the investment grade category according to an other credit rating agency apart from Fitch.
The most surprising about S&P's decision was the fact that the agency upgraded Hungary without raising its rating outlook to positive, which is a rare act. Previously S&P rated the foreign currency denominated debt of Hungary BB+ with a stable outlook.
In addition, S&P is known as a rating agency putting emphasis on soft factors (credibility , transparency, predictability of economic policy, institutional conditions). Subsequent to the credit rating decision, both the HUF and Hungarian govies strengthened, however, money market yields were driven by other factors. The big question is still that, when and what size of inflows can move towards the country as a consequence of the upgrade.
The MPC of the NBH left the base rate unchanged after its committee meeting, indicating their intention to hold the rate at its current level persistently.The details related to the previously communicated steps of modifying the monetary policy toolkit of the NBH were finally revealed after the analyst session following the committee meeting. Finally, the 3-month policy instrument was capped at 900 billion HUF, which is below the 1 000 billion HUF expected by the market. Although, the NBH estimates the new liquidity, crowded out from the 3-month deposit between 200-400 billion HUF, which is below market expectations. Following the announcement, banks deposited a record amount at the last unlimited tender, therefore liquidity became suddenly scarce on the market, notwithstanding the increased participation at the 1-week secured loan auction of the NBH. This resulted in the skyrocketing of money market yields with 1-month and shorter maturity, interbank BUBOR rates and implied HUF rates, to the 1-2.5% range. However, the situation is expected to normalize and even turn to the opposite of the tendency as the end of October approaches due to redemptions and expyring deposits. The NBH noted that in case of necessity, the cap of 900 billion HUF can be lowered in December, while fine-tuning tools can be used to further facilitate the decrease of BUBOR and money market yields, while also providing liqiudity.
3-month T-Bill auction yields increased by 7 bps during the month, which was also supported by increased issuance (40 billion HUF vs the previous 20 billion HUF, later cut back to 25 billion HUF by month end), apart from the scarce liquidity. The auction of the 19D floater met elevated demand: bids of 19 billion HUF were handed in for the 7.5 billion HUF of issued quantity, while the net price of the paper also increased significantly ont he market.
As in common, demand for 12-month T-Bills was lower, auction yields increased by 5 bps.

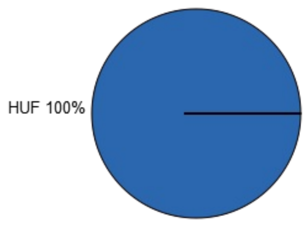
ASSET ALLOCATION OF THE FUND ON 09/30/2016

Asset type	Weight
Government bonds	52.36 %
T-bills	24.64 %
Current account	17.53 %
Liabilities	-5.70 %
Receivables	5.66 %
Deposit	5.65 %
Market value of open derivative positions	0.11 %
total	100,00 %
Derivative products	22.76 %
Net corrected leverage	99.97 %

TOP 5 POSITIONS
2017A (Államadósság Kezelő Központ Zrt.)
D170316 (Államadósság Kezelő Központ Zrt.)
2018O (Államadósság Kezelő Központ Zrt.)
D170524 (Államadósság Kezelő Központ Zrt.)
2018C (Államadósság Kezelő Központ Zrt.)

Assets with over 10% weight
2017A (Államadósság Kezelő Központ Zrt.)
D170316 (Államadósság Kezelő Központ Zrt.)

Currency exposure:



Bonds by tenor: