

Aegon Domestic Bond Fund institutional series

GENERAL INFORMATION

Fund Manager:	AEGON Hungary Fund Manager Ltd.
Custodian:	Citibank Europe plc Magyarországi Fióktelepe
Main distributor:	AEGON Hungary Fund Manager Ltd.
Benchmark composition:	100% MAX Index
ISIN code:	HU0000718127
Start:	12/01/2016
Currency:	HUF
Total Net Asset Value of the whole Fund:	31,257,782,936 HUF
Net Asset Value of institutional series:	378,554,174 HUF
Net Asset Value per unit:	1.017930 HUF

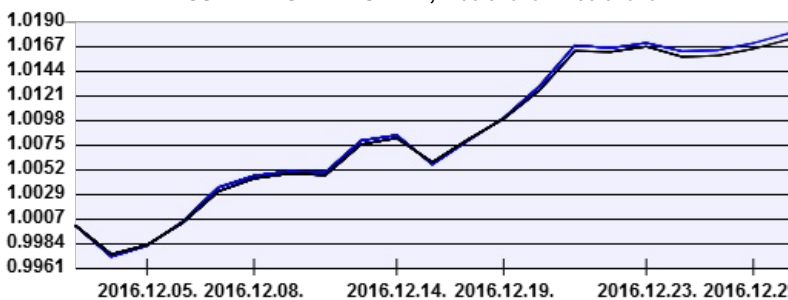
INVESTMENT POLICY OF THE FUND:

The fund is intended to serve as a stable, moderately low-risk form of investment, and to offer investors higher returns than bank deposits over the medium term. The portfolio elements are selected in accordance with the above principles. To ensure liquidity, the fund primarily aims to hold bonds and discount treasury bills issued by the State Debt Management Centre on behalf of the State of Hungary, as well as bonds issued by the National Bank of Hungary. The fund has a low risk profile, but its portfolio may also contain forint-denominated debt securities issued by banks and corporations, which are expected to yield a higher return than government securities. The fund may also keep its liquid assets in bank deposits. Besides this, the fund may hold a limited proportion of foreign-currency instruments in its portfolio, but only subject to the full hedging of currency risk. Aegon Domestic Bond Fund must hold minimum 80% of its assets in HUF-denominated bonds issued by the members of European Economic Area.

DISTRIBUTORS

NET PERFORMANCE OF THE SERIES

NET ASSET VALUE PER SHARE, 12/01/2016 - 12/31/2016



— Aegon Domestic Bond Fund institutional series — 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.

INVESTMENT HORIZON:

Suggested minimum investment period:



Risk and Reward Profile:



MARKET SUMMARY:

After squeezing out 240 billion HUF of liquidity from the 3-month NBH deposit in November, merely an additional 40 billion HUF left the NBH's key policy instrument in December, while 200 billion HUF arrived to the domestic banking system via the liquidity providing FX-swaps, large redemptions further increased liquidity. Thus, money market yields got to new historical lows, T-Bills were trading around 0% yield at the end of the year. Similarly, and following the stabilisation in the core market selloff, longer maturities fell sharply, between 20 and 40 bps. As for the shape of the yield curve, the beginning of December saw some steepening, which changed into a parallel downward shift by month end. We decreased duration at the start of the month but held on to our more aggressive curve position.

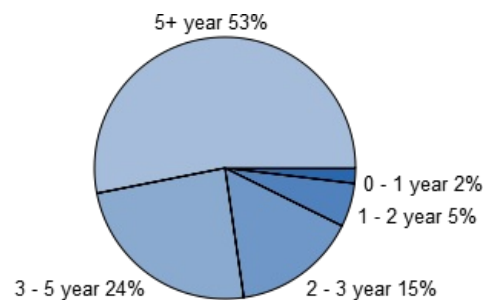
ASSET ALLOCATION OF THE FUND ON 12/31/2016

Asset type	Weight
Government bonds	95.35 %
Corporate bonds	2.55 %
T-bills	0.85 %
Current account	1.26 %
Liabilities	-0.12 %
Market value of open derivative positions	0.12 %
Receivables	0.01 %
total	100.00 %
Derivative products	9.27 %
Net corrected leverage	100.01 %

Assets with over 10% weight

2019A (Államadósság Kezelő Központ Zrt.)
2020A (Államadósság Kezelő Központ Zrt.)
2025B (Államadósság Kezelő Központ Zrt.)
2022A (Államadósság Kezelő Központ Zrt.)
2023A (Államadósság Kezelő Központ Zrt.)

Bonds by tenor:



NET YIELD PERFORMANCE OF THE SERIES:

Interval	Yield of note	Benchmark yield
From start	1.79 %	1.74 %

RISK INDICATORS FOR THE LAST 12 MONTHS:

Annualized standard deviation of the fund's weekly yields: 0.57 %

Annualized standard deviation of the benchmark's weekly yields: 0.56 %