

Aegon Emerging Europe Bond Fund EUR series

GENERAL INFORMATION

Fund Manager:	AEGON Hungary Fund Manager Ltd.
Custodian:	Unicredit Bank Hungary Zrt.
Main distributor:	AEGON Hungary Fund Manager Ltd.
Benchmark composition:	The fund has no benchmark
ISIN code:	HU0000706114
Start:	12/11/2007
Currency:	EUR
Total Net Asset Value of the whole Fund:	8,706,331 EUR
Net Asset Value of EUR series:	668,262 EUR
Net Asset Value per unit:	0.999392 EUR

INVESTMENT POLICY OF THE FUND:

The fund's investment objective is to provide investors with capital appreciation by investing in the sovereign- and quasi-sovereign bond market of Emerging European countries. The fund has no rating constraints, the fund has a permission to invest in any kind of issuer without limitation on its long-term foreign currency debt rating. The fund aims to reach the highest capital gain with rational risk taking. The fund primarily invests on the sovereign- and quasi-sovereign bond market of Emerging European countries denominated in foreign currency, but holds Hungarian local currency, long- and short-term bonds with diversification and liquidity management purposes. The fund may also invest in mortgage backed securities, and short- and long-term, fixed or floating securities of other financial institutions, municipalities or other business corporations, structured and convertible bonds. The fund's general risk level and the measure of the deviation from the target weights are determined on the basis of a regular market analysis and situational analysis relating to four main aspects (fundamentals, valuation levels, market sentiment, technical factors). The core part of the fund consists of the foreign currency denominated, sovereign and quasi-sovereign bonds of Central and Eastern Europe (Hungary, Croatia, Poland, Romania, Slovakia, Ukraine), Southeast Europe (Serbia, Turkey), Baltic states (Lithuania, Latvia) and the countries of the Commonwealth of Independent States (Azerbaijan, Belarus, Kazakhstan, Russia, Georgia, Armenia) and also holds Hungarian local currency bonds with diversification and liquidity management purposes. In case of attractive market conditions (e.g. possible upgrade of an issuer's long-term foreign currency debt rating, change of the yield curve, market mispricing, etc.) the fund may invest in bonds of issuers not listed above. The fund does not intend to invest more than 25% of its assets in a single country. The target weight for the fund's fixed income investments in the above listed countries (target countries) is 95%. The aimed risk profile of the fund is intermediate. We do not use constraints on foreign currency debt ratings. The fund may only conclude derivative transactions for the purpose of hedging or ensuring an efficient portfolio structure. The fund may also hold unleveraged debt-type collective investments linked to derivative indexes. The fund also has the option of taking on a substantial currency exposure, which will ordinarily be fully hedged to the target currency (USD), although depending on market circumstances the fund may even have an open currency position.

DISTRIBUTORS

Aegon Magyarország Befektetési Alapkezelő Zrt., Aegon Towarzystwo Ubezpieczeń na Życie Spółka, Aegon Životná poisťovňa, a.s., Citibank Europe plc Magyarországi Fióktelepe, Codex Tőzsdéügynökség és Értéktár Zrt., Commerzbank Zrt., CONCORDE Értékpapír Zrt., Erste Befektetési Zrt., KBC Securities Magyarországi Fióktelepe, OTP Bank Nyrt., Raiffeisen Bank Zrt., SC Aegon ASIGURARI DE VIATA SA, SPB Befektetési Zrt., Unicredit Bank Hungary Zrt.

INVESTMENT HORIZON:

Suggested minimum investment period:



Risk and Reward Profile:



MARKET SUMMARY:

It was one of the more busy months of December that we can remember with both key central bank meetings and important political events scattered throughout. Indeed while the second Fed rate hike since the financial crisis was little surprise, the overall hawkish elements from the statement and the dots were less so while the clever ECB tapering announcement also kept bond markets on their toes. Meanwhile markets passed the Italian referendum test although headlines concerning the Italian banking sector were a big theme. The selloff which haunted sovereign bond markets through October and November did end up moderating in December. Oil also had a decent month with WTI (+9%) and Brent (+8%) in USD terms. The mending sentiment and the increasing energy prices both contributed as positive for EM sovereign credit, where yield spreads tightened by 30 basispoints with energy exporters outperforming. Mexico, after November's significant underperformance due to the US election, has found some relief in December and managed to post a remarkable performance in the last month of the year. The Fund's investment policy has been changed as of December 30th.

ASSET ALLOCATION OF THE FUND ON 12/31/2016

Asset type	Weight
Current account	103.98 %
Liabilities	-3.88 %
total	100.00 %
Derivative products	0.00 %
Net corrected leverage	100.00 %

Assets with over 10% weight

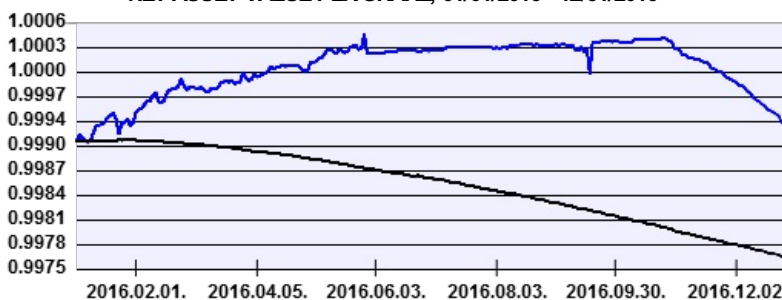
There is no such instrument in the portfolio

NET YIELD PERFORMANCE OF THE SERIES:

Interval	Yield of note	Benchmark yield
From start	-0.01 %	1.16 %
2016	0.03 %	-0.15 %
2015	0.96 %	0.07 %
2014	1.12 %	0.30 %
2013	0.20 %	0.24 %
2012	3.34 %	1.08 %
2011	-0.10 %	1.25 %
2010	1.45 %	1.00 %
2009	10.85 %	2.53 %
2008	-16.05 %	4.11 %

NET PERFORMANCE OF THE SERIES

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



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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: 0.08 %