

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 USD (total return) + 20% ZMAX Index
ISIN code:	HU0000702477
Start:	04/21/1999
Currency:	HUF
Total Net Asset Value of the whole Fund:	1,625,805,741 HUF
Net Asset Value of HUF series:	1,625,805,741 HUF
Net Asset Value per unit:	1.989506 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 Bank Zrt., Citibank Europe plc Magyarországi Fióktelepe, Codex Tőzsdéügynökség 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 PERFORMANCE OF THE SERIES

NET ASSET VALUE PER SHARE, 02/29/2016 - 02/28/2017



— 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.

RISK INDICATORS FOR THE LAST 12 MONTHS:

Annualized standard deviation of the fund's weekly yields: 6.98 %
 Annualized standard deviation of the benchmark's weekly yields: 5.66 %

INVESTMENT HORIZON:

Suggested minimum investment period:



Risk and Reward Profile:



MARKET SUMMARY:

Overall, the month of February was mixed. On the one hand we've continued to see those assets more sensitive to Trump's proposed policies continue to perform solidly despite some uncertainty still about what to expect from the new President. On the other hand, Euro assets have largely underperformed likely reflecting some concern about the upcoming European elections and particularly those in France and Italy. Another theme which has been consistent through much of the month has been the incredibly low level of volatility across the vast majority of asset classes even with the political uncertainty. The political uncertainties pushed the 10-year German government bond's yield from 0.44% to 0.21% while its American counterpart, the 10-year US government bond's yield went only from 2.45% to 2.39%. European periphery was also hit hard. The 10-year yield spreads above German papers for France, Spain and Italy have widened by 8 basispoints, 26 basispoints and 6 basispoints respectively. We reduced our German long position a bit during the month.

ASSET ALLOCATION OF THE FUND ON 02/28/2017

Asset type	Weight
Government bonds	76.43 %
Corporate bonds	10.14 %
T-bills	9.64 %
Current account	3.89 %
Liabilities	-0.36 %
Market value of open derivative positions	0.26 %
Receivables	0.01 %
total	100,00 %
Derivative products	98.25 %
Net corrected leverage	128.58 %

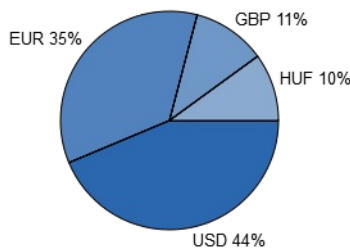
TOP 5 POSITIONS

- USGB 2042/02 3,125% (Amerikai Egyesült Államok)
- USGB 2018/08 2,25% (Amerikai Egyesült Államok)
- D170329 (Államadósság Kezelő Központ Zrt.)
- USGB 2022/08 1,625% (Amerikai Egyesült Államok)
- UKGB 2025/03 5% (Egyesült Királyság)

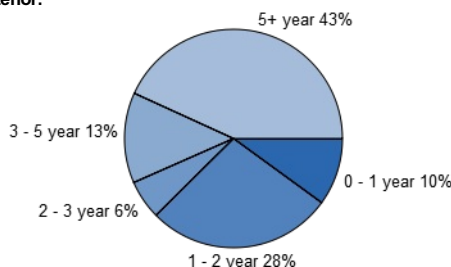
Assets with over 10% weight

- USGB 2042/02 3,125% (Amerikai Egyesült Államok)
- USGB 2018/08 2,25% (Amerikai Egyesült Államok)

Currency exposure:



Bonds by tenor:



NET YIELD PERFORMANCE OF THE SERIES:

Interval	Yield of note	Benchmark yield
From start	3.93 %	4.59 %
2016	1.07 %	2.24 %
2015	3.72 %	4.09 %
2014	21.94 %	22.76 %
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 %