

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:	29,592,277,936 HUF
Net Asset Value of institutional series:	363,336,977 HUF
Net Asset Value per unit:	1.017788 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 YIELD PERFORMANCE OF THE SERIES:

Interval	Yield of note	Benchmark yield
From start	1.78 %	1.91 %
1 month	0.81 %	0.88 %
3 months	-0.01 %	0.17 %

NET PERFORMANCE OF THE SERIES

NET ASSET VALUE PER SHARE, 12/01/2016 - 03/31/2017



— 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.

RISK INDICATORS FOR THE LAST 12 MONTHS:

Annualized standard deviation of the fund's weekly yields:	2.01 %
Annualized standard deviation of the benchmark's weekly yields:	1.94 %

MARKET SUMMARY:

Following the snap in yields after the beginning of the month, a smaller rally evolved as core market yields started to fall. The decreasing trend in yields also gained support from the further expansion of liquidity, which was mainly driven by the latest measure of the NBH. On its MPC meeting held at the 28th of March, the base rate was held intact, while the quantity of the key instrument was limited to 500 billion HUF by the end of Q2. Reacting to the measure, money market and short-term bond yields dropped sharply, with quotes turning to negative on the secondary market. 3-year reference yield decreased by 42 bps, resulting in a steeper curve on the short-term segment. Reference yields on longer maturities decreased between 14-17 bps.

Apart from the numerous macroeconomic data published during the month, the inflation report of the first quarter was also released by the NBH. The official GDP prognosis of 3.6% for 2017 had not been modified, while expected average inflation for the year increased from 2.4% to 2.6%. Meanwhile, according to the data published by CSO CPI accelerated to 2.9% February, beating the expectations, while the MoM figure was 0.4%. Industrial production growth was equal to 1.6% in January, below the expectations of 2.7%, while MoM dynamics showed a slowdown of 0.1%. Meanwhile manufacturing PMI jumped to 59.5 points in February compared to 57 points reading in January, anticipating the expansion of industrial production.

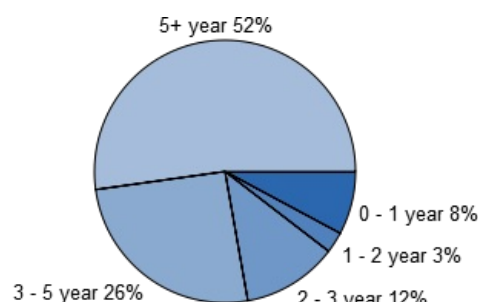
ASSET ALLOCATION OF THE FUND ON 03/31/2017

Asset type	Weight
Government bonds	91.06 %
T-bills	3.90 %
Corporate bonds	2.66 %
Mortgage debentures	1.02 %
Current account	1.31 %
Receivables	0.71 %
Liabilities	-0.57 %
Market value of open derivative positions total	-0.08 %
Derivative products	100.00 %
Net corrected leverage	9.55 %
	100.00 %

Assets with over 10% weight

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

Bonds by tenor:



INVESTMENT HORIZON:

Suggested minimum investment period:



Risk and Reward Profile:

