

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:	29,039,277,520 HUF
Net Asset Value of institutional series:	796,926,821 HUF
Net Asset Value per unit:	1.036941 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	3.69 %	3.82 %
1 month	0.27 %	0.31 %
3 months	1.88 %	1.87 %
6 months	1.87 %	2.05 %

NET PERFORMANCE OF THE SERIES

NET ASSET VALUE PER SHARE, 12/01/2016 - 06/30/2017



— 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:	2.21 %
Annualized standard deviation of the benchmark's weekly yields:	2.13 %

MARKET SUMMARY:

Markets have had a few themes to contend with during July, namely the sharp decline in the price of oil and quick return of volatility. However for HGBs, the most important development were those in in the last week of the month, when central bank communications hit a hawkish tone. ECB president Draghi outlined that as the European economy continues to recover monetary policy needs to adjust the parameters of its policy instruments to keep its stance broadly unchanged. The market took this comment as rather hawkish and even the following ECB comments that meant to adjust the market's perception of the speech was unable to stop the repricing of the bonds in a sustainable way. The 10-year German government bond's yield rose by 16 basispoints, but surprisingly periphery bonds remained quite resilient comparing to the German papers. The selloff had spread to the CEE region as well, therefore the long end of the curve was put rapidly under pressure, which was preceded by a rally from the beginning of June. HGBs closed the month at slightly higher yields compared to the end of May, while the curve has steepened in a smaller extent. Macroeconomic data remained strong. An important point to outline was the downside surprise in the headline CPI, even though the core figure had crept higher, which made NBH communication to emphasize downside risk, indicating a more dovish stance.

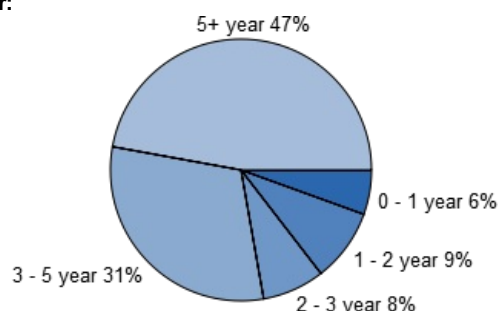
ASSET ALLOCATION OF THE FUND ON 06/30/2017

Asset type	Weight
Government bonds	90.93 %
T-bills	3.76 %
Corporate bonds	2.59 %
Mortgage debentures	1.92 %
Current account	1.41 %
Liabilities	-0.67 %
Market value of open derivative positions	0.05 %
Receivables	0.02 %
total	100.00 %
Derivative products	7.22 %
Net corrected leverage	100.00 %

Assets with over 10% weight

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

Bonds by tenor:



INVESTMENT HORIZON:

Suggested minimum investment period:



Risk and Reward Profile:

