

# Aegon Emerging Europe Bond Fund USD 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:	HU0000718416
Start:	01/05/2017
Currency:	USD
Total Net Asset Value of the whole Fund:	10,261,684 EUR
Net Asset Value of USD series:	103,335 USD
Net Asset Value per unit:	1.033345 USD

## 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

## NET YIELD PERFORMANCE OF THE SERIES:

Interval	Yield of note	Benchmark yield
From start	3.33 %	
1 month	-0.22 %	
3 months	1.93 %	

## INVESTMENT HORIZON:

Suggested minimum investment period:



Risk and Reward Profile:



## MARKET SUMMARY:

Markets have had a few themes to contend with. The first was the sharp decline in the price of Oil and the second was the big spike in volatility - particularly for rates - in the last week of the month following a chorus of hawkish central bank speak. The persistent weakness in commodities deserves attention. Large parts of the EM asset universe, especially in EM credit, are directly or indirectly tied to commodities and hence it is no surprise that historical correlations between commodity prices and EM credit spreads have been pronounced. EM spreads thus widened overall during the month from 318 basispoints to 327 basispoints, with oil-exporter countries being the underperformers. Despite the declining energy prices and the widening spreads, inflows for EM bond funds remained intact during the month and managed to keep this year's strong pace. Hard currency EM bond fund flows took the bulk of that inflow. This strong technical factor means a persistent support for the asset class. We increased our Ukrainian exposure and reduced our Russian one, while we lowered the portfolio's duration somewhat.

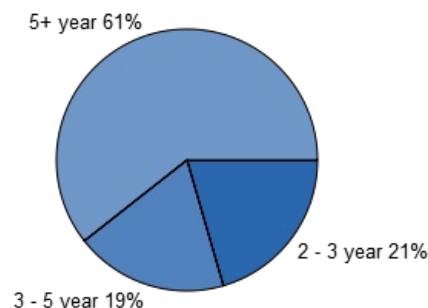
## ASSET ALLOCATION OF THE FUND ON 06/30/2017

Asset type	Weight
Government bonds	91.34 %
Current account	7.25 %
Market value of open derivative positions	1.45 %
Liabilities	-0.05 %
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

## Bonds by tenor:



## NET PERFORMANCE OF THE SERIES

### NET ASSET VALUE PER SHARE, 01/05/2017 - 06/30/2017



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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: 1.77 %