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:	10,670,892 EUR
Net Asset Value of USD series:	104,356 USD
Net Asset Value per unit:	1.043559 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	4.36 %	
1 month	0.99 %	
3 months	1.65 %	
6 months	4.53 %	

INVESTMENT HORIZON:

Suggested minimum investment period:

☐	☐	☐	■	☐	☐	☐
3 months	6 months	1 year	2 years	3 years	4 years	5 years

Risk and Reward Profile:

☐	☐	☐	■	☐	☐	☐
very low	low	moderate	intermediate	significant	high	very high

MARKET SUMMARY:

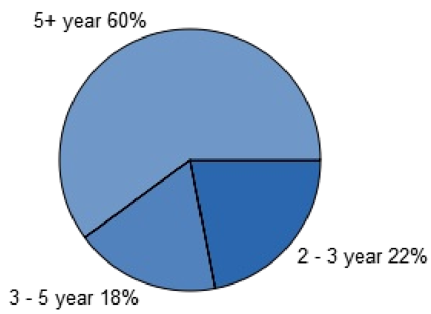
July had two main themes to contend with. One was the continuously dropping volatility on the markets and the second was the rapid depreciation of the US dollar. In case of the former, it is worth mentioning that the VIX index reached the 9,05 level intraday which has been never seen before in the history of the index. The US currency continued to depreciate by 3,64% against the EUR in the month. The reasons behind the devaluation is attributable to the fact that market is pricing out the Trump effect in the case of the US economy and also still pricing in a relatively hawkish ECB after Draghi's Sintra speech. Oil managed to continue with its bounce back from June's low levels following the news that Saudi Arabia pledged to reduce crude export in August. Regarding emerging markets it also important to note that better-then-expected numbers were published in the case of Chinese GDP. The expectation was 6,8% but the hard data shoed a 6,9% YoY growth in 2Q. The above mentioned developments supported the hard currency EM debt instruments in July, this the asset class managed to post a good performance. Inflows kept pouring in to EM debt funds, the overall inflow was around USD 5,7billion. We did not changed the composition of the portfolio materially in the month.

ASSET ALLOCATION OF THE FUND ON 07/31/2017

Asset type	Weight
Government bonds	93.32 %
Liabilities	-5.84 %
Market value of open derivative positions	5.26 %
Current account	4.79 %
Receivables	2.46 %
total	100,00 %
Derivative products	0.00 %
Net corrected leverage	100.00 %

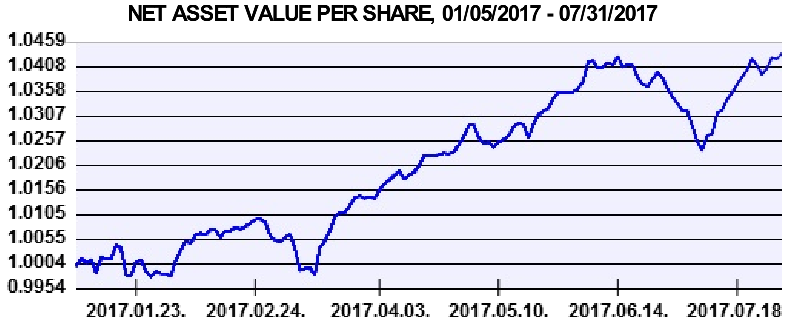
Assets with over 10% weight
RUSSIA 2020/04/29 5% (Russian Federation)

Bonds by tenor:



NET PERFORMANCE OF THE SERIES

NET ASSET VALUE PER SHARE, 01/05/2017 - 07/31/2017



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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: 2.12 %