

# 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: | 10,908,979 EUR                  |
| Net Asset Value of USD series:           | 105,792 USD                     |
| Net Asset Value per unit:                | 1.057915 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. The investment policy of the fund changed on the 30th of December, 2016. Since then the fund has no benchmark, and fund performance before the change is not applicable.

## DISTRIBUTORS

## NET YIELD PERFORMANCE OF THE SERIES:

| Interval   | Yield of note | Benchmark yield |
|------------|---------------|-----------------|
| From start | 5.79 %        |                 |
| 1 month    | -0.16 %       |                 |
| 3 months   | 2.38 %        |                 |
| 6 months   | 4.35 %        |                 |

## INVESTMENT HORIZON:

Suggested minimum investment period:



Risk and Reward Profile:



## MARKET SUMMARY:

Even though investors saw a somewhat higher volatility at beginning, this managed to subside and the VIX index sank below 10 once again. Renewed US tax reform discussions have supported another leg up in risk assets, with US equity indices making new highs while 10-year US treasury managed to spike by 20 basispoints during the month thanks to a hawkish Fed rhetoric. The US currency managed also to strengthen on the back of tapering talks and the sealing of a December Fed hike. Energy prices rebounded, WTI hit 52 dollars/barrel while Brent also managed to spike to levels near 58 dollars/barrel. In this environment flows kept coming in to EM bond funds of which hard currency bond funds received almost the two-thirds of the amount. Performance was also good in terms of yield spreads as EM sovereign bonds' yields managed to tighten by 14 basispoints. Primary issuance was quite heavy in the month, Ukraine came out with a long dated bond that was highly demanded by investors. We increased our Ukrainian exposure.

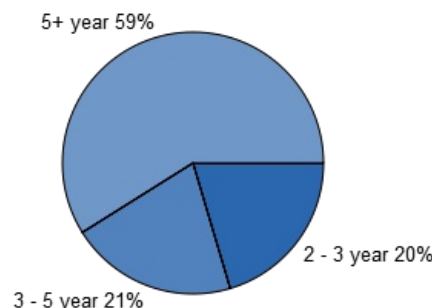
## ASSET ALLOCATION OF THE FUND ON 09/30/2017

| Asset type                                | Weight   |
|---|----------|
| Government bonds                          | 96.34 %  |
| Receivables                               | 3.17 %   |
| Current account                           | 2.66 %   |
| Liabilities                               | -0.01 %  |
| Market value of open derivative positions | -2.16 %  |
| 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 - 09/30/2017



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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: 2.53 %