

# Aegon International Bond Fund

## GENERAL INFORMATION

Fund Manager:	AEGON Hungary Fund Manager Ltd.
Custodian:	Citibank Europe plc Magyarország Fióktelepe
Main distributor:	AEGON Hungary Fund Manager Ltd.
Benchmark composition:	80% Merrill Lynch Global Government Bond Index II ex-Japan USD (total return) + 20% ZMAX Index
ISIN code:	HU0000702477
Start:	04/21/1999
Currency:	HUF
Total Net Asset Value of the whole Fund:	1,176,074,480 HUF
Net Asset Value of HUF series:	1,176,074,480 HUF
Net Asset Value per unit:	1.917160 HUF

## INVESTMENT POLICY OF THE FUND:

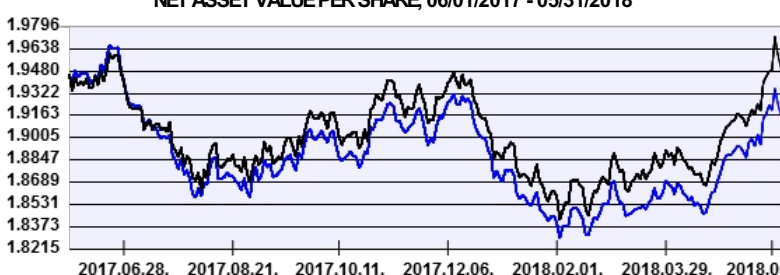
The fund aims to create an explicitly defensive investment portfolio for its investors, and typically invests in developed-market government bonds, and related exchange-traded derivative transactions, in the interest of achieving the highest possible return with the assumption of currency risk. The fund primarily aims for a portfolio consisting of the publicly issued bonds of foreign governments and foreign-domiciled companies. When building the fund's portfolio, beyond the minimum statutory requirements, the principles of safety and maximum diversification (the spreading of risk) are observed. Accordingly, when purchasing international securities the fund only selects publicly issued securities that are listed on foreign stock exchanges. The proportion of non-investment-grade securities is maintained at a low level, and if the planned ratio is overstepped due to the downgrading of a given issuer the fund restores it under the conditions stipulated by the relevant legal provisions. The fund management company, exercising all due care, based on its own judgement and decisions, and while observing the relevant legal provisions and the limitations stipulated in the Fund Documentation, determines the means of utilising the fund's resources, and the weights of the various investments within the portfolio, with a view to ensuring that the fund - in line with our expectations with regard to future risks and returns - achieves its objective in the long term. In the course of its operation, however, the fund is managed on the premise that when compiling the portfolio, it is bonds that determine the nature of the fund. Accordingly, the proportion of bonds that may be kept in the fund at any given moment may reach the prevailing statutory maximum. When compiling the bond portfolio, taking into account the macroeconomic environment of the investment markets, the aim is to build up a long-term investment portfolio primarily on the basis of fundamental analyses. To ensure liquidity, the fund may purchase Hungarian government securities (primarily discount treasury bills) and MNB bonds; however, in accordance with the current statutory regulations the proportion of foreign bonds in the portfolio may be up to 100%. The fund management company is permitted, at its own discretion, to hedge all or a part of its currency risks with forward currency positions, in compliance with the statutory conditions.

## DISTRIBUTORS

Aegon Magyarország Befektetési Alapkezelő Zrt., CIB Bank Zrt., Codex Tőzsdéügynökség és Értéktár Zrt., CONCORDE Értékpapír Zrt., Equilor Befektetési Zrt, Erste Befektetési Zrt., Raiffeisen Bank Zrt., Takarékbank Zrt, Unicredit Bank Hungary Zrt.

## NET PERFORMANCE OF THE SERIES

NET ASSET VALUE PER SHARE, 06/01/2017 - 05/31/2018



— Aegon International Bond Fund — 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: 5.09 %  
Annualized standard deviation of the benchmark's weekly yields: 5.27 %

## INVESTMENT HORIZON:

Suggested minimum investment period:



Risk and Reward Profile:



## MARKET SUMMARY:

Economic indicators continue to be reassuring and support the view that Q1 was indeed just a soft patch and growth is set to pick up in Q2. However, any trade war escalation poses risks to the renewed economic momentum and could dampen the outlook. G4 yields ex-Japan rallied significantly last month, mostly driven by the political uncertainty in Italy, amid concerns of trade wars and mixed economic data. 10Y Bund yields at one point on 29 May traded below 20bp, with 2Y BTP yields closing about 170bp higher on that day. With BTP spreads over bunds hitting 320bp at some point (May 29, 2018) investors pulled money out of risk-assets and into money market funds. Outflows continued from IG and HY funds; same story in equities. Fixed Income fund flows were in negative territory in May, under the weight of high grade funds outflows. European equity funds continued to record outflows for the 12th consecutive week, during which the asset class lost around USD30BB. Commodity funds on the other hand saw inflows, reversing the outflows seen recently. We doubled our long position in short-term German government bonds as well as closed short position in medium-term German government papers.

## ASSET ALLOCATION OF THE FUND ON 05/31/2018

Asset type	Weight
Government bonds	70.33 %
Corporate bonds	14.19 %
T-bills	12.31 %
Current account	3.20 %
Liabilities	-0.12 %
Receivables	0.10 %
total	100.00 %
Derivative products	57.28 %
Net corrected leverage	130.77 %

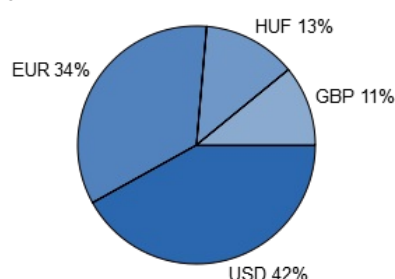
## TOP 5 POSITIONS

USGB 2042/02 3,125% (Amerikai Egyesült Államok)  
USGB 2022/08 1,625% (Amerikai Egyesült Államok)  
UKGB 2025/03 5% (Egyesült Királyság)  
D190227 (Államadósság Kezelő Központ Zrt.)  
USGB 2031/02 5,375% (Amerikai Egyesült Államok)

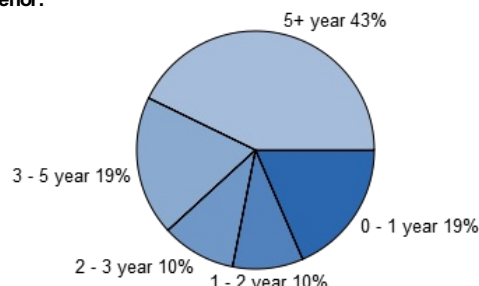
## Assets with over 10%weight

USGB 2042/02 3,125% (Amerikai Egyesült Államok)  
USGB 2022/08 1,625% (Amerikai Egyesült Államok)  
UKGB 2025/03 5% (Egyesült Királyság)

## Currency exposure:



## Bonds by tenor:



## NET YIELD PERFORMANCE OF THE SERIES:

Interval	Yield of note	Benchmark yield
From start	3.46 %	4.21 %
2017	-5.90 %	-4.07 %
2016	1.07 %	2.24 %
2015	3.72 %	4.09 %
2014	21.94 %	22.76 %
2013	-3.51 %	-4.21 %
2012	-2.48 %	-3.23 %
2011	19.06 %	17.60 %
2010	6.45 %	10.65 %
2009	3.56 %	-0.17 %
2008	7.24 %	15.18 %