

# Aegon Domestic Bond Fund institutional series

## GENERAL INFORMATION

Fund Manager:	AEGON Hungary Fund Manager Ltd.
Custodian:	Raiffeisen Bank Zrt.
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:	24,576,395,049 HUF
Net Asset Value of institutional series:	880,213,851 HUF
Net Asset Value per unit:	1.041226 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	2.34 %	2.54 %
2017	6.28 %	6.41 %

## NET PERFORMANCE OF THE SERIES

### NET ASSET VALUE PER SHARE, 09/01/2017 - 08/31/2018



— 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.

## INVESTMENT HORIZON:

Suggested minimum investment period:



Risk and Reward Profile:



## MARKET SUMMARY:

The National Bank of Hungary left both the 3M policy rate flat at 0,9% and the O/N deposit rate unchanged at -0,15%. The statement of the council did not contain any changes, compared to previous months. The monetary council emphasized that the monetary policy of the ECB would have a considerable influence on MNB's rate decisions and reaching the 3% inflation goal had remained the key focus the monetary policy. Inflation in Hungary meanwhile hit 3,4% Y/Y in July, up from 3,1% in the previous month. Most of this growth was driven by the rising fuel price inflation, however inflation may have topped out in July.

In Hungary the international but especially the EM sentiment played the most important part. After the better performance in July the Turkish developments were contagious regarding the Hungarian assets. As the NBH is the easiest in the region, HUF gets more attention and the depreciation of the national currency is usually followed by selling on the bond market. This was the case in August again: HUF appreciated until 319, which was the 100 days moving average, but after that it sold-off in more waves reaching almost the 330 territory again. Based on fundamentals and fair value HUF should trade stronger, but the sentiment and the very easy monetary policy stance pushes the HUF weaker against the EUR, which was coupled with higher bond yields by around 10-30 bps. The yield curve became steeper again. According to our opinion, the shorter end of the yield curve is better anchored, as more rate hikes are already priced in, than it will actually happen based on our expectations, but the long end of the yield curve depends more on the emerging market sentiment. Closer to the end of the month we saw a relief and Hungarian bond yields started to decline. We cut back our mild overweight to neutral.

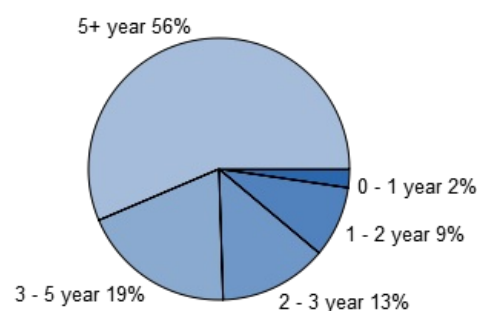
## ASSET ALLOCATION OF THE FUND ON 08/31/2018

Asset type	Weight
Government bonds	92.98 %
Corporate bonds	4.70 %
Mortgage debentures	0.97 %
other assets	0.93 %
T-bills	0.24 %
Current account	0.34 %
Liabilities	-0.10 %
Market value of open derivative positions	-0.05 %
total	100,00 %
Derivative products	2.75 %
Net corrected leverage	100.00 %

## Assets with over 10% weight

2025B (Államadósság Kezelő Központ Zrt.)  
2024B (Államadósság Kezelő Központ Zrt.)

Bonds by tenor:



## RISK INDICATORS FOR THE LAST 12 MONTHS:

Annualized standard deviation of the fund's weekly yields: 3.64 %  
Annualized standard deviation of the benchmark's weekly yields: 3.59 %