

# 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:	1,155,705,530 HUF
Net Asset Value of HUF series:	1,155,705,530 HUF
Net Asset Value per unit:	1.931669 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, 10/01/2017 - 09/30/2018



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: 6.08 %  
Annualized standard deviation of the benchmark's weekly yields: 6.02 %

## INVESTMENT HORIZON:

Suggested minimum investment period:



Risk and Reward Profile:



## MARKET SUMMARY:

Starting with the global macro backdrop, the US policy mix seems particularly detrimental for EM economies. The pro-cyclical fiscal expansion is boosting domestic demand and asset prices in the US, in turn driving the Fed to further hike rates and strengthening the dollar. Global rates in Q3 '18 have been driven more by idiosyncratic macroeconomic and relative central banks considerations than by global drivers. Relative to the forwards at the end of last year USD rates drifted higher on the back of solid growth and a steadily hawkish Fed. Meanwhile, yields on 10-year USTs are falling, as investors rotate into longer-dated bonds, with further inflows expected this month as investors seek protection from the numerous risks currently weighing on growth assets, including the US-China trade war and rising interest rates. In the Euro area, weaker than expected core CPI and a wider than expected deficit target from the Italian government saw long-end German yields lower recently whilst remained elevated widened by around 20bp within last quarter. Recent developments in Italy brought back painful memories of the European sovereign crisis for many investors, with Italian sovereign spreads widening by more than 50bp within a week. We decreased our exposure to the U.K. government bonds, closed short position in the German medium-term government bonds whilst bought medium-term German government papers as well as opened long position in the Italian government bonds.

## ASSET ALLOCATION OF THE FUND ON 09/30/2018

Asset type	Weight
Government bonds	67.98 %
Corporate bonds	14.54 %
T-bills	13.95 %
Current account	4.12 %
Liabilities	-3.43 %
Receivables	2.86 %
total	100.00 %
Derivative products	59.37 %
Net corrected leverage	124.29 %

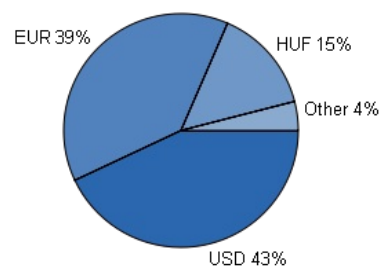
## TOP 5 POSITIONS

USGB 2042/02 3,125% (Amerikai Egyesült Államok)  
 USGB 2022/08 1,625% (Amerikai Egyesült Államok)  
 D190227 (Államadósság Kezelő Központ Zrt.)  
 USGB 2031/02 5,375% (Amerikai Egyesült Államok)  
 XTALN 2018/11 2.625% EUR (XSTRATA Finance Dubai)

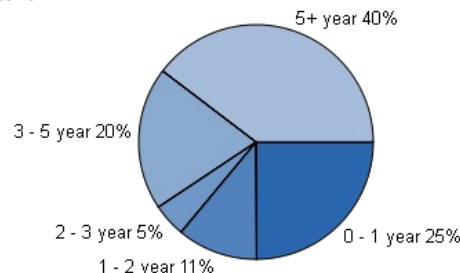
## Assets with over 10% weight

USGB 2042/02 3,125% (Amerikai Egyesült Államok)  
 USGB 2022/08 1,625% (Amerikai Egyesült Államok)

## Currency exposure:



## Bonds by tenor:



## NET YIELD PERFORMANCE OF THE SERIES:

Interval	Yield of note	Benchmark yield
From start	3.44 %	4.20 %
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 %