

Aegon International Bond Fund

GENERAL INFORMATION

Fund Manager:	AEGON Hungary Fund Manager Ltd.
Custodian:	Citibank Europe plc Magyarországi 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:	1,143,791,461 HUF
Net Asset Value of HUF series:	1,143,791,461 HUF
Net Asset Value per unit:	1.951864 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 YIELD PERFORMANCE OF THE SERIES:

Interval	Yield of note	Benchmark yield
From start	3.47 %	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 %

NET PERFORMANCE OF THE SERIES

NET ASSET VALUE PER SHARE, 12/01/2017 - 11/30/2018



--- 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.

MARKET SUMMARY:

Last week, Fed Chairman Powell signalled a shift in the Fed's stance, saying rates were close to neutral and making the Fed more data dependent. And at the weekend we got a ceasefire on US/China trade. Turn that into a full-blown peace and the outlook for growth and markets becomes much better. The change of consensus around European growth (versus a still defensible US growth outlook) has been one of the main investment themes in the past months, and we believe that will continue to drive European assets in the near future. At the end of November, the MSCI All Country World Index had returned -4.3% YTD. The MSCI emerging market equity index was down by almost 16%. A glance at the world's major equity markets shows a page awash in red, with the US and Brazil the only two indices in green. The Bloomberg Barclays Aggregate index has returned negative 2% for the year. US investment grade indices are down 5-6%, while emerging market dollar debt is down 7-8%. In commodities, Brent crude is down 11% for the year, and copper and silver are down 15-16%. Bit by bit, 2018 has turned into a nightmare for global financial assets. Yet not one major economy is near recession. The transition out of a decade of extremely easy money cannot go smoothly. It was learned in 2018 and in previous cycles. As the process is still unfolding, investment behaviour will continue to adjust to this new reality. We closed long position in the Italian government bonds, opened short position in the medium-term debt securities issued by the German Federal Government whilst bought long-term German government papers.

ASSET ALLOCATION OF THE FUND ON 11/30/2018

Asset type	Weight
Government bonds	69.60 %
T-bills	10.59 %
Corporate bonds	8.84 %
Current account	12.38 %
Liabilities	-1.40 %
Receivables	0.01 %
total	100.00 %
Derivative products	65.71 %
Net corrected leverage	122.67 %

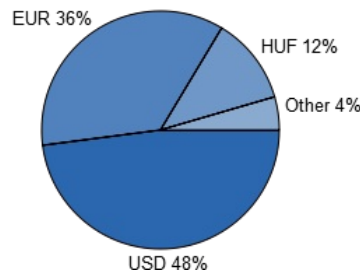
TOP 5 POSITIONS

USGB 2042/02 3,125% (Amerikai Egyesült Államok)
USGB 2022/08 1,625% (Amerikai Egyesült Államok)
USGB 2031/02 5,375% (Amerikai Egyesült Államok)
D190227 (Államadósság Kezelő Központ Zrt.)
ITGB 4,25 03/01/20 (Olasz Állam)

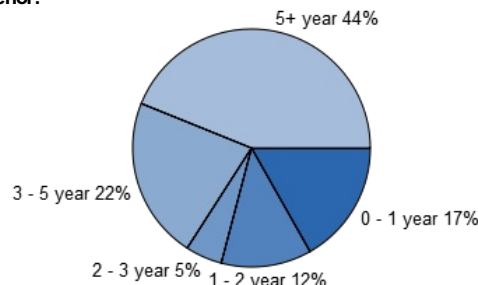
Assets with over 10% weight

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

Currency exposure:



Bonds by tenor:



RISK INDICATORS FOR THE LAST 12 MONTHS:

Annualized standard deviation of the fund's weekly yields:	5.96 %
Annualized standard deviation of the benchmark's weekly yields:	5.82 %

INVESTMENT HORIZON:

Suggested minimum investment period:



Risk and Reward Profile:

