Aegon Central European Equity Fund CZK series



GENERAL INFORMATION

Fund AEGON Hungary Fund Manager Ltd. Manager:

Custodian: Citibank Europe plc Magyarországi Fióktelepe

Main AEGON Hungary Fund Manager Ltd. distributor:

45% MSCI Emerging Markets Poland Net Total Return Local Index + 15%

MSCI Austria Net Total Return + 15% MSCI Emerging Markets Czech Benchmark Republic Net Total Return Local Index + 15% MSCI Emerging Markets

composition: Republic Net Total Return Local Index + 10% MSCI Romania Net Total

HU0000717392 ISIN code: Start: 09/01/2016 Currency C7K

Total Net

Asset Value 17,659,616,586 HUF

Fund:

Net Asset

116.829 CZK Value of

CZK series: Net Asset

1.168285 CZK Value per

INVESTMENT POLICY OF THE FUND:

The objective of the fund is to invest in Central and Eastern European equities. The fund is offered for investors who would like to benefit from the long term performance of regional listed companies. The average equity exposure of the fund is 95%. A primary consideration when compiling the fund's portfolio is the need to optimize the aggregate risk of the securities to be included in the fund. In the interest of reducing the risk, the utmost care is taken when selecting the securities to include in the fund's portfolio. The fund buys shares issued by corporations from countries in the Central European region (primarily Hungary, Poland, the Czech Republic, Romania, Slovenia and Croatia, and secondarily, Austria, Russia and Turkey), but it may also invest in the shares of companies in other emerging and developed countries, as well as in other collective investment securities. The fund may hedge a part or all of its currency risks with forward currency positions. To ensure liquidity the fund aims to hold in its portfolio the government securities on behalf of the State of Hungary and bonds issued by the National Bank of Hungary, but in accordance with the statutory regulations the proportion of shares in the portfolio may be up to 100%.

DISTRIBUTORS

1.40

NET YIELD PERFORMANCE OF THE SERIES:

Interval	Yield of note	Benchmark yield
From start	6.90 %	6.69 %
2018	-10.74 %	-10.42 %
2017	19.60 %	18.61 %

NET PERFORMANCE OF THE SERIES

NET ASSET VALUE PER SHARE 01/01/2018 - 12/31/2018



- Aegon Central European Equity Fund CZK series

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:							
3 months	6 months	1 year	2 years	3 years	4 years	5 years	
Risk and Re	ward Profile:						
very low	low	moderate	intermediate	significant	high	very high	

MARKET SUMMARY:

The stock markets suffered significant losses in the last month of the year: such a decline in December was not seen since the Great Depression of the 1930s. Regarding the whole year of 2018, the main equity indices suffered their worst year in a decade, while the Hungarian equity market managed to close at flat.

At the beginning of December, the US yield curve was inverted for the first time since 2007, namely the two-year and the five-year yield spread dropped below zero. As a result of this, the investors feel that the next recession can be closer than we think; the reverse yield curve was previously a good sign of the coming recession in most cases. However, based on the CNBC information, this was the root cause of the correction in early December after the US Hedge Funds and their trading robots could be activated because of the inversion. The remainder of December was also characterized by very high volatility.

The European equities fell to a two-year low with such a high daily loss that was not seen since the Brexit vote. At the end of the month, the US equity market managed to rebound with an unprecedented daily rise (5%), thus the US equities closed the year with a nearly 7% drop but not at annual low. In addition to the deteriorating technical picture, the fall was accompanied by a further increase in trade-war tension after the Huawei's Chief Financial Officer was arrested in Canada on US request. Moreover, in line with the official expectations, the FED raised the target base rate with 25 basis points, bringing additional sellers to the markets.

We received new important impulses from Europe as well. The Italian market has outperformed the developed markets after the European Commission has approved the new Italian 2019 budget plan, which estimates a 2.04 percent deficit target. In addition, Theresa May managed to survive the vote of no confidence but the fact that 117 Members voted against her questions whether the Brexit agreement can pass through the British parliamentary vote.

Regional stocks also fell in the last month of the year. The Polish and the Hungarian equities suffered the least, while the Czech and Romanian markets posted significant losses in December. In the middle of the month, the Romanian stock market suffered a 12% drop in one day due to the new government draft for banks and utilities. On December 20th, the benchmark index of the fund changed, thus the regional markets are followed by the MSCI total return local indexes. In the new reference index, country allocation has not changed but the new composite benchmark contains fewer shares thus the size of the active positions has increased in the fund. In December, we take profit in part of our Play exposure, while we increased our position in Erste bank.

ASSET ALLOCATION OF THE FUND ON 12/31/2018

Asset type	Weight
International equities	74.83 %
Hungarian equities	19.53 %
Collective securities	1.11 %
Current account	4.57 %
Liabilities	-3.21 %
Receivables	3.18 %
total	100,00 %
Derivative products	9.21 %
Net corrected leverage	109.22 %

TOP 5 POSITIONS

OTP Bank törzsrészvény

WIG20 INDEX FUT Mar19 Buy

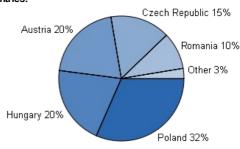
Erste Bank

Polski Koncern Naftowy

Assets with over 10% weight

There is no such instrument in the portfolio

Stocks by countries:



RISK INDICATORS FOR THE LAST 12 MONTHS

Annualized standard deviation of the fund's weekly yields: Annualized standard deviation of the benchmark's weekly yields: 15.50 %

