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:	1,151,804,257 HUF
Net Asset Value of HUF series:	1,151,804,257 HUF
Net Asset Value per unit:	1.950722 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 Tőzsdeügynökség 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	3.45 %	4.22 %
2018	3.34 %	5.25 %
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, 01/01/2018 - 12/31/2018

----- 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.

INVESTMENT HORIZON:

Suggested minimum investment period:

3 months	6 months	1 year	**2 years**	3 years	4 years	5 years
☐	☐	☐	■	☐	☐	☐

Risk and Reward Profile:

very low	low	moderate	**intermediate**	significant	high	very high
☐	☐	☐	■	☐	☐	☐

MARKET SUMMARY:

Increasing concerns on the global growth outlook continue to weigh on markets as the rotation across DM economies is slow. US growth pace is slowing as the impetus from fiscal stimulus fades away, while the rebound in Euro area and Japan is slower and later than expected and macro data from China are on the weak side. The Fed hiking cycle, rising trade frictions, and political turmoil have all driven this underperformance, as has disappointing growth outside the US. However, there is not seen simple explanation for the broad-based setbacks of the last quarter and the full year in global equity, bond, credit and commodity markets. Any of the systemically significant economies hasn't faced recession, or even revealed growth meaningfully below trend, nor do most market participants consider recession scenarios a substantial risk for 2019. Growth disappointed in parts of the world, notably Europe and China, but the downward revision of global growth forecasts has been modest for 2018 and 2019, and disappointing GDP growth did not prevent earnings growth in Europe and Japan and an earnings boom in the US. After a very poor December, more than half of global equity markets are now in a bear market (down more than 20%) and almost all are in a correction (down more than 10% but less than 20%). The only equity markets not in a correction/bear market are MSCI Brazil and Nifty 50; the markets that are down the most from their peaks in 2018 are Greece and Shanghai. Of course, compared with the last two bear markets, the Tech Bubble burst and the GFC, when the S&P 500 fell 49% and 57% respectively, the peak-to-trough decline is still much smaller, at 19.8% so far. The OPEC+ cuts over 2017-1H18 boosted prices and reinforced strong non-OPEC supply growth, not least in the US, which has led to a 2019 overhang that the producer group is trying to address. But the more OPEC+ tries to support prices by withholding oil from the market, the more they give the US shale sector an out from rationing supply growth themselves. Oil prices staged a rally from mid-2017, only for most of those gains to be wiped out in the last three months in dramatic fashion as the Iran sanctions relief wind-down period ended. Even weaker demand from major economies such as China and the provision of exemptions to Iranian crude importers are not solely responsible. The market continues to digest the fact that US shale output beat consensus expectations and that Saudi Arabia has substantially raised output by more than 0.5mb/d in just a couple months. Other OPEC countries, especially Libya and Iraq, have pumped more oil than expected, and Venezuelan production has not collapsed, as some had feared. The trade-weighted dollar has appreciated by 7% since the summer, exacerbating the price elasticity of demand in emerging economies and weakening oil demand further. We haven't changed the composition of the fund in December.

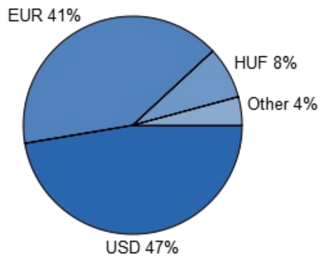
ASSET ALLOCATION OF THE FUND ON 12/31/2018

Asset type	Weight
Government bonds	75.43 %
Corporate bonds	8.72 %
T-bills	7.05 %
Current account	8.67 %
Receivables	0.44 %
Liabilities	-0.29 %
total	100,00 %
Derivative products	65.30 %
Net corrected leverage	122.47 %

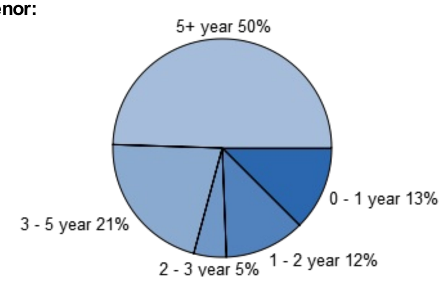
TOP 5 POSITIONS
US 10YR NOTE (CBT) Marc19 Sell
USGB 2042/02 3,125%
EURO-BUND FUTURE Mar19 Buy
US Treasury 2022/08 1,625%
US Államkötvény 2031/02 5,375%

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:	5.71 %
Annualized standard deviation of the benchmark's weekly yields:	5.57 %