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:	1,179,877,797 HUF
Net Asset Value of HUF series:	1,179,877,797 HUF
Net Asset Value per unit:	1.928791 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

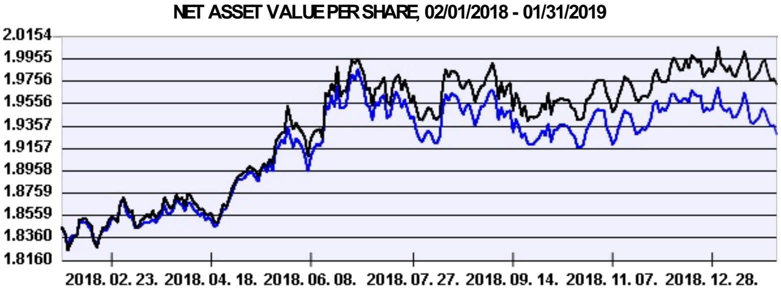
Aegon Magyarország Befektetési Alapkezelő Zrt., Budapest Hitel-és Fejlesztési Bank Zrt., CIB Bank Zrt., Codex Tőzsdeügynökség és Értéktár Zrt., CONCORDE Értékpapír Zrt., Equilor Befektetési Zrt, Erste Befektetési Zrt., Raiffeisen Bank Zrt., Takarékbank Zrt, Unicredit Bank Hungary Zrt.

NET YIELD PERFORMANCE OF THE SERIES:

Interval	Yield of note	Benchmark yield
From start	3.38 %	4.17 %
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 %

NET PERFORMANCE OF THE SERIES

NET ASSET VALUE PER SHARE, 02/01/2018 - 01/31/2019



----- 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:

The two biggest themes in the global economy at the moment are arguably the global growth slowdown and the US-China trade war. At the intersection of these lies the fate of global trade. Global trade volumes have decelerated in recent years due to weaker global growth and diminishing returns from further outsourcing of manufacturing and services to EM. However, trade is still growing steadily and exports continue to outperform GDP across DM. This suggests that firms are finding new ways to benefit from trade. The depth and breadth of the ongoing global slowdown will depend on the US and China. A de-escalation of the trade war is widely expected, which should allow for a soft landing on both sides of the Pacific. In that case, demand out of the US and China would help smooth the bumps in other regions. But if further tariffs are imposed, we could be in for a broad-based slowdown in which trade amplifies the weakness of the global economy. Meanwhile, after the most volatile Q4 since 2011, markets have enjoyed a strong start to 2019 in large part owing to a Fed that seems increasingly willing to come to the rescue. But sentiment still seems less ebullient than a year ago, and investors remain nervous about slowing growth. U.S. and UK yields rallied recently driven by the dovish Fed and renewed concerns about the Brexit process, with economic data failing to provide much reassurance against the ongoing global growth concerns. SPX has rallied 16% since its December lows. US earnings have been relatively resilient so far (just 1% below January expectations). The technical backdrop on the other hand could become a bit more challenging at these levels. Risk assets are closing in on important levels of previous resistance (Oct-Dec break outs and trade within declining weekly moving averages). While markets continue to run with the risk on rally as investors remain cautious, we are aware that markets have come a long way, US-China trade talks are as yet not concluded and macro data remains fragile. According to Deutsche Bank, EM assets witnessed a record four straight weeks of inflows in January. After almost a year of continuous outflows, investor sentiment turned sharply at the start of the year as over USD7.5BB trickled in during January, recouping almost 65% of last year's outflows which amounted to USD11.8BB withdrawals from Feb to Dec 18. We haven't changed the composition of the fund in January.

ASSET ALLOCATION OF THE FUND ON 01/31/2019

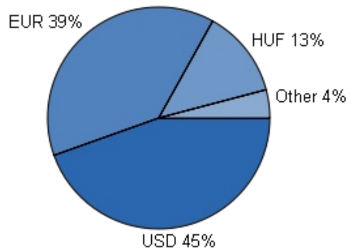
Asset type	Weight
Government bonds	73.04 %
T-bills	11.99 %
Corporate bonds	8.40 %
Current account	6.63 %
Liabilities	-0.13 %
Receivables	0.10 %
total	100,00 %
Derivative products	63.37 %
Net corrected leverage	121.38 %

TOP 5 POSITIONS

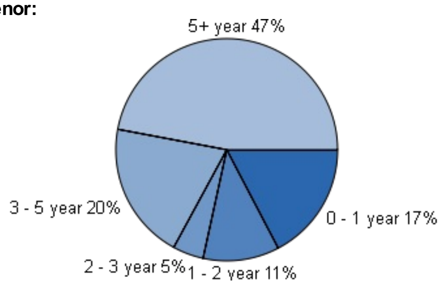
Asset	Type	Counterparty / issuer	Maturity
US 10YR NOTE (CBT) Marc19 Sell	derivatív	Raiffeisen Hun (HU)	2018. 12. 21.
USGB 2042/02 3,125%	interest-bearing	Amerikai Egyesült Államok (US)	2042. 02. 15.
EURO-BUND FUTURE Mar19 Buy	derivatív	Raiffeisen Hun (HU)	2018. 12. 21.
US Treasury 2022/08 1,625%	interest-bearing	Amerikai Egyesült Államok (US)	2022. 08. 15.
D190227	zero coupon	Államadósság Kezelő Központ Zrt. (HU)	2019. 02. 27.

Assets with over 10% weight
USGB 2042/02 3,125% (Amerikai Egyesült Államok)
USGB 2022/08 1,625% (Amerikai Egyesült Államok)
D190227 (Államadósság Kezelő Központ Zrt.)

Currency exposure:



Bonds by tenor:



RISK INDICATORS FOR THE LAST 12 MONTHS:

Annualized standard deviation of the fund's weekly yields:	5.51 %
Annualized standard deviation of the benchmark's weekly yields:	5.32 %
WAM (Weighted Average Maturity):	6.72 years
WAL (Weighted Average Life):	8.20 years