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:	1,326,883,783 HUF
Net Asset Value of HUF series:	1,326,883,783 HUF
Net Asset Value per unit:	1.936518 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

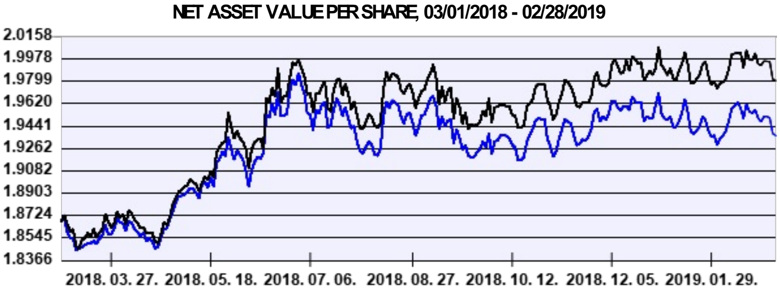
Aegon Magyarország Befektetési Alapkezelő Zrt., Budapest Hitel-és Fejlesztési Bank Zrt., CIB Bank Zrt., Codex Tőzsdeügynökség és Értéktár Zrt., CONCORDE Értékpapír Zrt., Equilor Befektetési Zrt, Erste Befektetési Zrt., Raiffeisen Bank Zrt., Unicredit Bank Hungary Zrt.

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, 03/01/2018 - 02/28/2019



----- 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:

There is little doubt that the main news over the past month, as well as over previous one, has been the Fed's dovish shift in the month of January. This dovish shift is significant for two reasons. First, the Fed made this shift in response to the tightening of financial conditions at the end of last year rather than in response to weak domestic economic data. As a result, the Fed is listening to the concerns signalled by markets. Second, the Fed signalled an earlier completion of its balance sheet shrinkage process with Fed Chair Powell noting in the press conference that "the normalization of the size of the portfolio will be completed sooner, and with a larger balance sheet, than in previous estimates." This decisive dovish shift, to the extent it is sustained, is removing some of the headwinds that caused the 2018 market rout and raises the prospect of 2019 being an asset reflation year. In particular, with the Fed removing its tightening bias, not only are markets becoming less concerned about the prospect of even higher USD cash yields, but they can contemplate the possibility of rate cuts. This raises the likelihood of a generalized decline in yields taking place across asset classes this year in reversal to last year's increases. Further, an earlier completion of the Fed's balance sheet shrinkage process could also add fuel to this year's asset reflation trade by inducing investors to move up the risk curve. But within a still problematic overall cyclical picture, higher chance of a positive cyclical dynamic related to China is seen. This dynamic is not only related to a more optimistic view on US-China trade negotiations, but also the possibility that the lagged effects from previous stimulus combined with new stimulus measures will make China look better than last year from a stimulus traction point of view. As with January, oil was the best performer in February, at 6%. Similarly, equity markets again outperformed bonds, this time with Europe leading the way, and UK and Japan lagging behind other regions. 1-month performance for the global indices was bookended by EM regions, with China having the best performance in February. Underperformers were Mexico, Russia, India and Brazil. Among European countries, France, Italy and Switzerland outperformed the broader European-wide indices. The UK saw relatively poor performance. EM bond and equity funds both continue to see inflows in February. Japan equity funds also saw inflows, but other regions suffered further outflows. European and UK funds have now almost seen a year of continuous outflows, although UK outflows have slowed the last few weeks. US also saw a slight uptick most recently. We haven't changed the composition of the fund in February.

ASSET ALLOCATION OF THE FUND ON 02/28/2019

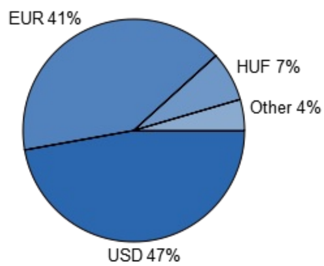
Asset type	Weight
Government bonds	64.90 %
Corporate bonds	7.43 %
T-bills	5.64 %
Current account	22.03 %
Receivables	0.21 %
Liabilities	-0.18 %
total	100,00 %
Derivative products	56.92 %
Net corrected leverage	119.77 %

TOP 5 POSITIONS

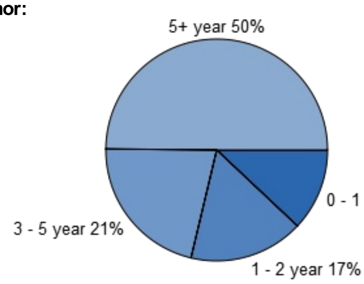
Asset	Type	Counterparty / issuer	Maturity
US 10YR NOTE (CBT)Jun19 Sell	derivativ	Raiffeisen Hun (HU)	2019. 06. 19.
USGB 2042/02 3,125%	interest-bearing	Amerikai Egyesült Államok (US)	2042. 02. 15.
EURO-BUND FUTURE Mar19 Buy	derivativ	Raiffeisen Hun (HU)	2018. 12. 21.
US Treasury 2022/08 1,625%	interest-bearing	Amerikai Egyesült Államok (US)	2022. 08. 15.
US Államkötvény 2031/02 5,375%	interest-bearing	Amerikai Egyesült Államok (US)	2031. 02. 15.

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:	5.55 %
Annualized standard deviation of the benchmark's weekly yields:	5.20 %
WAM (Weighted Average Maturity):	5.92 years
WAL (Weighted Average Life):	7.19 years