

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:	HJ0000702477
Start:	04/21/1999
Currency:	HUF
Total Net Asset Value of the whole Fund:	1,817,756,866 HUF
Net Asset Value of HUF series:	1,817,756,866 HUF
Net Asset Value per unit:	2.018767 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

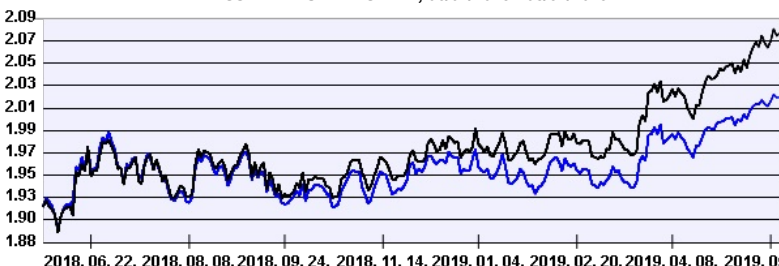
Aegon Magyarország Befektetési Alapkezelő Zrt., Budapest Hírel-és Fejlesztési Bank Zrt., CIB Bank Zrt., CONCORDE Értékpapír Zrt., Equilor Befektetési Zrt, Erste Befektetési Zrt., Raiffeisen Bank Zrt., Unicredit Bank Hungary Zrt.

NET YIELD PERFORMANCE OF THE SERIES:

Interval	Yield of note	Benchmark yield
From start	3.56 %	4.42 %
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, 06/01/2018 - 05/31/2019



---- 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.

RISK INDICATORS FOR THE LAST 12 MONTHS:

Annualized standard deviation of the fund's weekly yields:	5.62 %
Annualized standard deviation of the benchmark's weekly yields:	5.44 %
WAM (Weighted Average Maturity):	4.70 years
WAL (Weighted Average Life):	5.73 years

MARKET SUMMARY:

The past month's trade war escalation saw a correction in equity and risky markets as well as cyclical sectors. Indeed the past month saw a sharp deterioration in US yield curve inversion as rate markets priced in even more Fed easing. The front end of the US curve is now pricing in more than two Fed rate cuts by the end of this year and close to four rate cuts cumulatively by the end of 2020. Not only does this market pricing at the front end of the US curve raise the hurdle for the Fed to "satisfy" market expectations, but it creates more fears of either a Fed policy mistake or of trade conflicts causing larger negative shocks, spooking both government bond and risky markets. In May, pro-EU parties won a clear majority in the European Parliament election, but the parliament is more fragmented than it was five years ago, with traditional center-right and center-left groups losing seats to the Liberals and Greens. In Italy, the strong performance of the League and heavy losses sustained by M5S have raised tensions between the coalition partners, while the European Commission sent a letter to Finance Minister Tria warning the country is at risk of noncompliance with EU fiscal rules. Italian BTPs suffered, with 10Y yields rising by about 11bp. 10Y Bund yields plunged by 22bp and new wave of risk aversion caused major equity indices to fall by 2-3%. EUR-USD slipped towards 1.11, mostly a reflection of the developments in Italy. Oil has fallen around 22% since late April as the U.S.-China trade war deepened and Trump announced a new tariff fight with Mexico. That's caused significant deterioration in the demand outlook, while US inventories data are now giving investors additional reason for worry. Last month we closed positions in short-term and medium-term debt securities issued by the German Federal Government, as well as decreased position in long-term debt securities issued by the German Federal Government whilst increased our exposure to the U.K. government bonds. We bought some more medium- and long-term German government papers, medium-term Dutch, Austrian and Belgian government bonds, and also government papers issued by the U.S.

ASSET ALLOCATION OF THE FUND ON 05/31/2019

Asset type	Weight
Government bonds	50.51 %
T-bills	23.60 %
Corporate bonds	5.54 %
Current account	20.96 %
Liabilities	-0.79 %
Receivables	0.20 %
total	100,00 %
Derivative products	43.71 %
Net corrected leverage	114.86 %

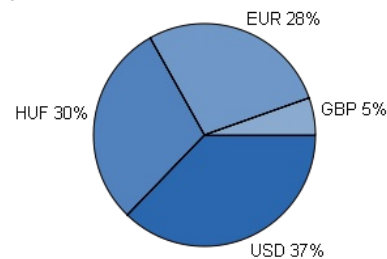
TOP 5 POSITIONS

Asset	Type	Counterparty / issuer	Maturity
US 10YR NOTE (CBT) Sep19 Sell	derivatív	Raiffeisen Hun (HU)	2019. 09. 19.
D191120	zero coupon	Államadósság Kezelő Központ Zrt. (HU)	2019. 11. 20.
USGB 2042/02 3,125%	interest-bearing	Amerikai Egyesült Államok (US)	2042. 02. 15.
EURO-BUND FUTURE Jun19 Buy	derivatív	Raiffeisen Hun (HU)	2019. 06. 06.
US Treasury 2022/08 1,625%	interest-bearing	Amerikai Egyesült Államok (US)	2022. 08. 15.

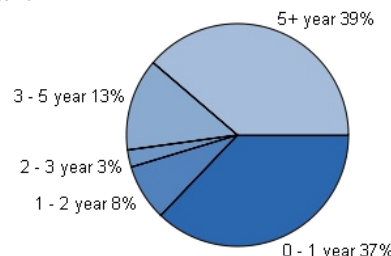
Assets with over 10% weight

D191120 (Államadósság Kezelő Központ Zrt.)
USGB 2042/02 3,125% (Amerikai Egyesült Államok)

Currency exposure:



Bonds by tenor:



INVESTMENT HORIZON:

Suggested minimum investment period:



Risk and Reward Profile:

