

Aegon Emerging Europe Bond Fund USD series

GENERAL INFORMATION

Fund Manager:	AEGON Hungary Fund Manager Ltd.
Custodian:	Unicredit Bank Hungary Zrt.
Main distributor:	AEGON Hungary Fund Manager Ltd.
Benchmark composition:	The fund has no benchmark
ISIN code:	HU0000718416
Start:	01/05/2017
Currency:	USD
Total Net Asset Value of the whole Fund:	15,125,193 EUR
Net Asset Value of USD series:	115,367 USD
Net Asset Value per unit:	1.153671 USD

INVESTMENT POLICY OF THE FUND:

The fund's investment objective is to provide investors with capital appreciation by investing in the sovereign- and quasi-sovereign bond market of Emerging European countries. The fund has no rating constraints, the fund has a permission to invest in any kind of issuer without limitation on its long-term foreign currency debt rating. The fund aims to reach the highest capital gain with rational risk taking. The fund primarily invests on the sovereign- and quasi-sovereign bond market of Emerging European countries denominated in foreign currency, but holds Hungarian local currency, long- and short-term bonds with diversification and liquidity management purposes. The fund may also invest in mortgage backed securities, and short- and long-term, fixed or floating securities of other financial institutions, municipalities or other business corporations, structured and convertible bonds. The fund's general risk level and the measure of the deviation from the target weights are determined on the basis of a regular market analysis and situational analysis relating to four main aspects (fundamentals, valuation levels, market sentiment, technical factors). The core part of the fund consists of the foreign currency denominated, sovereign and quasi-sovereign bonds of Central and Eastern Europe (Hungary, Croatia, Poland, Romania, Slovakia, Ukraine), Southeast Europe (Serbia, Turkey), Baltic states (Lithuania, Latvia) and the countries of the Commonwealth of Independent States (Azerbaijan, Belarus, Kazakhstan, Russia, Georgia, Armenia) and also holds Hungarian local currency bonds with diversification and liquidity management purposes. In case of attractive market conditions (e.g. possible upgrade of an issuer's long-term foreign currency debt rating, change of the yield curve, market mispricing, etc.) the fund may invest in bonds of issuers not listed above. The fund does not intend to invest more than 25% of its assets in a single country. The target weight for the fund's fixed income investments in the above listed countries (target countries) is 95%. The aimed risk profile of the fund is intermediate. We do not use constraints on foreign currency debt ratings. The fund may only conclude derivative transactions for the purpose of hedging or ensuring an efficient portfolio structure. The fund may also hold unleveraged debt-type collective investments linked to derivative indexes. The fund also has the option of taking on a substantial currency exposure, which will ordinarily be fully hedged to the target currency (USD), although depending on market circumstances the fund may even have an open currency position. The investment policy of the fund changed on the 30th of December, 2016. Since then the fund has no benchmark, and fund performance before the change is not applicable.

DISTRIBUTORS

NET PERFORMANCE OF THE FUND

NET ASSET VALUE PER SHARE, 09/01/2018 - 08/31/2019



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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

MARKET SUMMARY:

The low liquidity that characterize August, did not have its toll on the emerging market hard currency government bond's performance. However, with Argentina restructuring its debt after the PASO sentiment turned for the worst, but did not last. The first half of August was also shaped by the noise coming from the US-China trade negotiations once again, that is posing even higher threat to the global economy. EM IG corporate names performed well as investors were rather moving up on the credit scale rather than decreasing interest rate risk. Inflows were absent more of the time in the month, but as investors still holding on to a decent cash levels market did not feel the pressures of it. During the month we bought some local Hungarian government bonds that we took profit on at the end of the month and increased our exposure in Ukrainian EUR denominated papers that we sold with a small loss. We held higher duration for Azerbaijan during the month while slightly adjusted lower duration for Poland and Kazakhstan, and also closed position in Serbia.

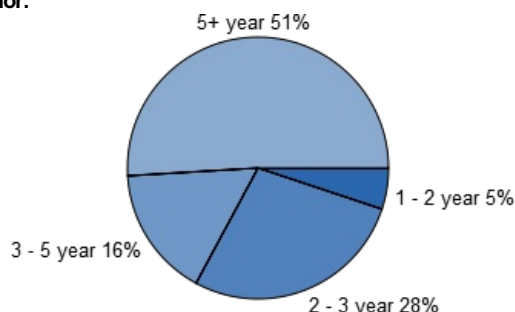
ASSET ALLOCATION OF THE FUND ON 08/31/2019

Asset type	Weight
Government bonds	81.33 %
Corporate bonds	20.06 %
Current account	4.37 %
Liabilities	-2.57 %
Receivables	1.91 %
Market value of open derivative positions	-5.10 %
total	100.00 %
Derivative products	3.11 %
Net corrected leverage	100.78 %

Assets with over 10% weight

There is no such instrument in the portfolio

Bonds by tenor:



NET YIELD PERFORMANCE OF THE FUND:

Interval	Yield of note	Benchmark yield
From start	5.54 %	
2018	-2.34 %	

RISK INDICATORS FOR THE LAST 12 MONTHS:

Annualized standard deviation of the fund's weekly yields: 3.47 %

INVESTMENT HORIZON:

Suggested minimum investment period:



Risk and Reward Profile:

