

# 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: | 2,380,923,956 HUF  |
| Net Asset Value of HUF series:           | 2,380,923,956 HUF  |
| Net Asset Value per unit:                | 2.137244 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., 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 | 3.79 %        | 4.69 %          |
| 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 %         |

## RISK INDICATORS FOR THE LAST 12 MONTHS:

|   |            |
|---|------------|
| Annualized standard deviation of the fund's weekly yields:      | 4.71 %     |
| Annualized standard deviation of the benchmark's weekly yields: | 5.00 %     |
| WAM (Weighted Average Maturity):                                | 6.06 years |
| WAL (Weighted Average Life):                                    | 7.32 years |

## INVESTMENT HORIZON:

Suggested minimum investment period:



Risk and Reward Profile:



## TOP 5 POSITIONS

| Asset                         | Type             | Counterparty / issuer                 | Maturity   |
|-------------------------------|------------------|---------------------------------------|------------|
| US Treasury 2022/08 1,625%    | interest-bearing | Amerikai Egyesült Államok (US)        | 2022.08.15 |
| US 10YR NOTE (CBT) Dec19 Sell | derivatív        | Raiffeisen Hun (HU)                   | 2019.12.19 |
| 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 |
| Short Euro-BTP Fu Dec19 Buy   | derivatív        | Raiffeisen Hun (HU)                   | 2019.09.20 |

## MARKET SUMMARY:

Last month was dominated by political developments in the US and the UK. The leader of the Democrats in the House of Representatives, Nancy Pelosi, announced a formal impeachment inquiry into US President Donald Trump, and the UK Supreme Court ruled unanimously that Prime Minister Boris Johnson's decision to prorogue parliament was unlawful. The Fed cut the target range for the fed funds rate by 25bp, as was widely expected, but the Fed meeting had a somewhat less-dovish-than-expected flavour as only seven out of seventeen FOMC members expect another cut by end-2019, and none foresee any further cuts through 2022. In terms of data, Eurozone PMIs signalled a further loss of momentum in September, particularly in Germany, although the Ifo survey conveyed some rays of hope. PMIs weighed on sentiment at the beginning of the last week of September, pushing down core yields and equity prices. EUR-USD fell below 1.10, marking its lowest level since mid-2017. IG credit held up well, while lower-rated issues experienced some spread widening, with cash-bond markets digesting a wave of new supply. Last month we decreased our exposure to the 10YR U.K. government bonds as well as to the 10YR U.S. government papers. We bought some more long-term debt securities issued by the UK, and by the US.

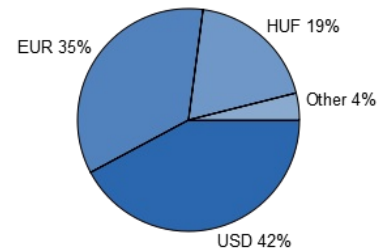
## ASSET ALLOCATION OF THE FUND ON 09/30/2019

| Asset type             | Weight   |
|------------------------|----------|
| Government bonds       | 65.79 %  |
| T-bills                | 19.47 %  |
| Corporate bonds        | 2.18 %   |
| Current account        | 12.86 %  |
| Liabilities            | -0.59 %  |
| Receivables            | 0.31 %   |
| total                  | 100.00 % |
| Derivative products    | 36.22 %  |
| Net corrected leverage | 120.52 % |

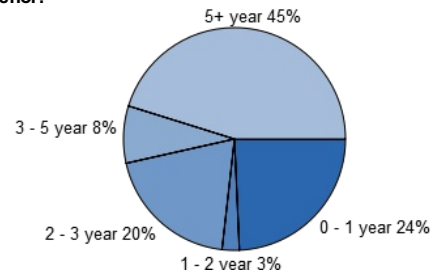
## Assets with over 10% weight

USGB 2022/08 1,625% (Amerikai Egyesült Államok)

## Currency exposure:



## Bonds by tenor:



## NET PERFORMANCE OF THE SERIES

NET ASSET VALUE PER SHARE, 10/01/2018 - 09/30/2019



---- 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.