

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:	16,845,437 EUR
Net Asset Value of USD series:	119,374 USD
Net Asset Value per unit:	1.193738 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 SERIES

NET ASSET VALUE PER SHARE, 03/01/2019 - 02/29/2020



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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 first negative signs of the coronavirus outbreak on business sentiment and hard data have emerged. Chinese car sales plunged by 92% YoY in the first two weeks of February. South Korean exports for the first twenty days of February contracted 9.3% YoY on a working-day-adjusted basis. The Japanese PMIs also declined, while their Eurozone counterparts still improved. February last week's business sentiment surveys in the Eurozone did not reflect the full impact of the spread of the coronavirus. Financial markets were firmly in the grip of coronavirus-related uncertainty. Following six consecutive days of losses, major equity indices have already entered correction territory, experiencing declines in excess of 10%. Core government bond yields plunged by 15bp to 40bp, with the UST curve steepening. The USD suffered as the 10Y UST yield hit all-time lows, while the JPY and EUR regained strength. Commodity currencies came under pressure as crude oil prices dropped 15% from recent peaks. European subordinated and high yield credit came under substantial pressure, while spread widening in most senior IG non-financial debt was moderate, reflecting CSPP support. In this environment of elevated risk aversion, EGB yield spreads to Bunds widened. We held higher duration for Kazakhstan during the month, closed positions in Novolipetsk Steel and Petroleos Mexicanos along with decreasing exposures to Socar, Ukraine and Turkey whilst opened position in Ghana, and also somewhat increased exposure to Romania.

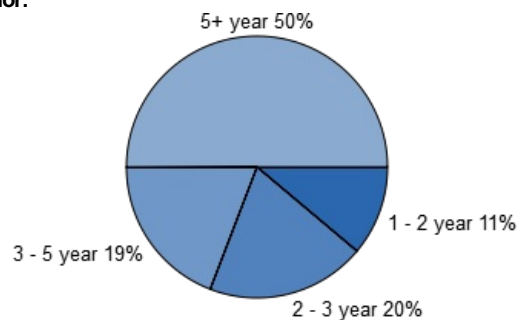
ASSET ALLOCATION OF THE FUND ON 02/29/2020

Asset type	Weight
Government bonds	75.47 %
Corporate bonds	13.66 %
Current account	8.59 %
Receivables	3.99 %
Liabilities	-0.23 %
Market value of open derivative positions	-1.47 %
total	100.00 %
Derivative products	6.40 %
Net corrected leverage	100.70 %

Assets with over 10% weight

There is no such instrument in the portfolio

Bonds by tenor:



NET YIELD PERFORMANCE OF THE SERIES:

Interval	Yield of note	Benchmark yield
From start	5.79 %	
2019	14.48 %	
2018	-2.34 %	

RISK INDICATORS FOR THE LAST 12 MONTHS:

Annualized standard deviation of the fund's weekly yields: 3.92 %
 WAM (Weighted Average Maturity): 6.60 years
 WAL (Weighted Average Life): 8.78 years

INVESTMENT HORIZON:

Suggested minimum investment period:



Risk and Reward Profile:

