



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:	3,785,101,704 HUF
Net Asset Value of HUF series:	3,785,101,704 HUF
Net Asset Value per unit:	2.280894 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	3.92 %	4.85 %
2019	5.82 %	9.57 %
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 %

RISK INDICATORS FOR THE LAST 12 MONTHS:	
Annualized standard deviation of the fund's weekly yields:	9.33 %
Annualized standard deviation of the benchmark's weekly yields:	9.43 %
WAM (Weighted Average Maturity):	6.29 years
WAL (Weighted Average Life):	7.55 years

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

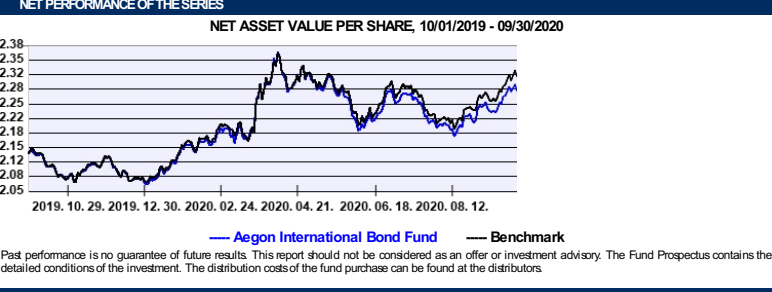
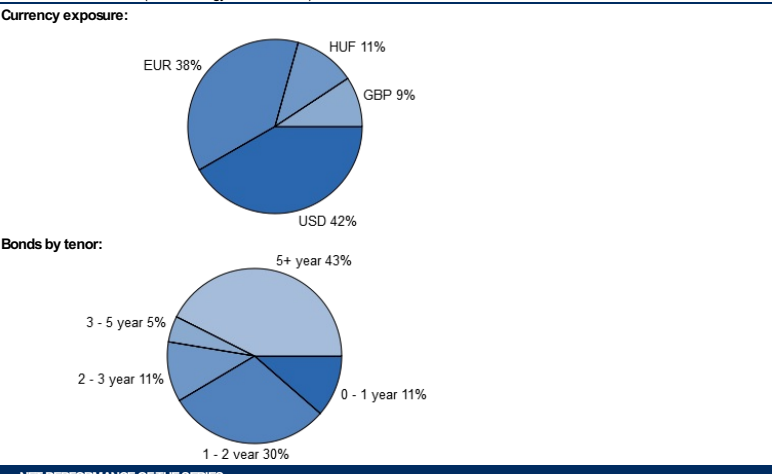
☐ very high

TOP 5 POSITIONS			
Asset	Type	Counterparty / issuer	Maturity
USGB 2042/02 3,125%	interest-bearing	Amerikai Egyesült Államok (US)	2042. 02. 15.
US Treasury 2022/08 1,625%	interest-bearing	Amerikai Egyesült Államok (US)	2022. 08. 15.
US 10YR NOTE (CBT)Dec20 Sell	derivatv	Raiffeisen Hun (HU)	2020. 12. 21.
EURO-BUND FUTURE Dec20 Buy	derivatv	Raiffeisen Hun (HU)	2020. 12. 08.
BTPS 1.45 09/15/22	interest-bearing	Olasz Állam (IT)	2022. 09. 15.

MARKET SUMMARY:

Financial markets went through a rather turbulent period, with risk appetite moving back and forth throughout September. The ECB started to signal some unease over EUR appreciation. Eurozone inflation has turned negative for the first time since mid-2016. The initial market reaction following the Fed's shift to a flexible average inflation targeting framework reversed quickly. 10Y Bund and UST yields surged by up to 10bp after the announcement but subsequently declined by 10-15bp from their temporary highs. Equity markets remained well supported, when falling tech stocks started to exert some pressure on major indices. EUR-USD briefly surpassed 1.20 before profit-taking and ECB rhetoric caused the currency pair to slip back into the 1.18-1.19 range. Later in the month, the Fed signalled its expectations to hold the fed funds rate at close to zero through 2023 to bolster the US economy, while Fed Chair Jerome Powell stated that more fiscal support is likely to be needed to keep the recovery on track. Mr. Powell's statements induced some volatility as investors questioned whether Washington will satisfy his call for another stimulus package. After a firm start into the month, equity markets are now on their way to ending the month slightly weaker while 10Y UST yields traded higher opposite to 10Y Bund yields that ended month lower. IG credit spreads, caught between a new wave of issuance and ECB support, moved in a tight range. EUR-USD was pushed back and forth within the 1.1750-1.1900 range. The JPY was the main beneficiary of increasing volatility in risky assets. We bought some more short-term U.S. government papers while closed position in Irish bonds and at the same time slightly increased exposure to long-term French government bonds.

ASSET ALLOCATION OF THE FUND ON 09/30/2020	
Asset type	Weight
Government bonds	73.04 %
T-bills	15.89 %
Current account	12.48 %
Liabilities	-1.51 %
Receivables	0.10 %
total	100.00 %
Derivative products	26.73 %
Net corrected leverage	107.57 %
Assets with over 10% weight	
USGB 2042/02 3,125% (Amerikai Egyesült Államok)	
USGB 2022/08 1,625% (Amerikai Egyesült Államok)	



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.