

AEGON EMERGING MARKET ESG EQUITY INVESTMENT FUND

2020 ANNUAL REPORT

This report has been prepared by AEGON Magyarország Befektetési Alapkezelő Zrt. as the fund manager of Aegon Emerging Market ESG Equity Investment Fund (hereinafter: the Fund), on the basis of Sections 131 and 132 of (Hungarian) Act XVI of 2014 on collective investment forms and their managers as well as on the amendment of certain finance-related laws (hereinafter: Kbtv), for the purpose of presenting the Fund's operations in the year 2020.

Further information on the general operation of the Fund is contained in the prospectus approved by the National Bank of Hungary (MNB) for the public offering of the Fund's investment units, which can be found at AEGON Magyarország Befektetési Alapkezelő (AEGON Hungary Investment Fund Management), the places of distribution of the Fund's investment units and on the Fund Manager's website (www.aegonalapkezelo.hu).

Budapest, 28. April 2021

Péter Kadocsa

Chairman and CEO

Bálint Kocsis

Chief Administration Officer

For security reasons, this document does not include an image of a handwritten signature. The content of this document may be deemed substantially identical in all respects to the original document furnished with an official corporate signature and with the electronic signatures of other responsible persons and is fully valid and authoritative even without a handwritten signature.

GENERAL INFORMATION ABOUT THE FUND

Name of the Fund

Aegon Emerging Market ESG Equity Investment Fund

Abbreviated name of the Fund

Aegon Emerging ESG Equity Fund

Registration number of the Fund

1111-221

Kind of the Fund

open-end

Type of the Fund

public

Series and type of Investment Units traded in the reporting period

Series	Currency	ISIN code	Series	Currency	ISIN code
A	HUF	HU0000705272	U	USD	HU0000723705
B	EUR	HU0000705934	R	HUF	HU0000723663
I	HUF	HU0000723655	L	PLN	HU0000723689
P	PLN	HU0000723671	C	CZK	HU0000723697

Yield payment

The Funds do not pay a yield against any capital growth; the entire capital growth is reinvested in accordance with the investment policy of the Funds. Investors can realise the capital growth as the difference between the purchase and resale prices of the Investment Units they own, as a price gain.

Eligible Investors

Investment Units may be purchased by both resident (Hungarian) and non-resident (foreign) individuals, juridical entities (e.g. companies) and unincorporated business entities.

Details of the Fund Manager

AEGON Magyarország Befektetési Alapkezelő Zrt.
1091 Budapest, Üllői út 1.
Phone: (06-1) 476-20-59

Details of the custodian

Unicredit Bank Hungary Zrt.
1054 Budapest, Szabadság tér 5-6.

Details of the auditing firm engaged by the Fund:

PricewaterhouseCoopers Könyvvizsgáló Kft
1055 Budapest, Bajcsy-Zsilinszky út 78. Trade registry
number: 01 09 063022 Registration number: 001464

Details of the auditor employed by the auditing firm:

Szilvia Szabados
Chamber membership number: 005314

I. Net worth statement

Composition of the assets and liabilities of the investment fund at the start and at the end of the reporting period and the share of each asset within total assets:

Designation	31.12.2019		31.12.2020	
	Amount / Value (HUF)	NAV in percent (%)	Amount / Value (HUF)	NAV in percent (%)
Bank balances	65 556 455	2.39	1 659 937 155	13.64
Repo				
Negotiable securities	2 765 471 178	100.77	10 528 559 763	86.50
Derivative transactions				0.00
Other assets	5 953 516	0.22	128 566 833	1.06
Total assets	2 836 981 149	103.37	12 317 063 751	101.20
Liabilities	-92 611 330	-3.37	-145 515 354	-1.20
Net asset value	2 744 369 819	100.00	12 171 548 397	100.00

The table was prepared on the basis of the net asset values valid as at the last trading day of the period.

II. NUMBER OF INVESTMENT UNITS IN CIRCULATION

Investment unit					31.12.2019	31.12.2020
fund	series	currency	ISIN			
Aegon Emerging Market ESG Equity Investment Fund	A	HUF	HU0000705272	1 434 084 436	1 932 197 923	
Aegon Emerging Market ESG Equity Investment Fund	B	EUR	HU0000705934	236 912	932 212	
Aegon Emerging Market ESG Equity Investment Fund	I	HUF	HU0000723655		5 172 027 758	
Aegon Emerging Market ESG Equity Investment Fund	U	USD	HU0000723705		156 338	
Aegon Emerging Market ESG Equity Investment Fund	R	HUF	HU0000723663		233 271 657	
Aegon Emerging Market ESG Equity Investment Fund	L	PLN	HU0000723689		3 604 496	
Aegon Emerging Market ESG Equity Investment Fund	P	PLN	HU0000723671		13 000	
Aegon Emerging Market ESG Equity Investment Fund	C	CZK	HU0000723697		80 000	

The table was prepared on the basis of the net asset values valid as at the last trading day of the period.

III. NET ASSET VALUE PER INVESTMENT UNIT

Investment unit					31.12.2019	31.12.2020
fund	series	currency	ISIN			
Aegon Emerging Mar ke ESG Equity Investment Fund	A	HUF	HU0000705272	1.837432	2.190348	
Aegon Emerging Mar ke ESG Equity Investment Fund	B	EUR	HU0000705934	1.396314	1.505694	
Aegon Emerging Mar ke ESG Equity Investment Fund	I	HUF	HU0000723655		1.295659	
Aegon Emerging Mar ke ESG Equity Investment Fund	U	USD	HU0000723705		1.405046	
Aegon Emerging Mar ke ESG Equity Investment Fund	R	HUF	HU0000723663		1.301864	
Aegon Emerging Mar ke ESG Equity Investment Fund	L	PLN	HU0000723689		1.238763	
Aegon Emerging Mar ke ESG Equity Investment Fund	P	PLN	HU0000723671		1.25856	
Aegon Emerging Mar ke ESG Equity Investment Fund	C	CZK	HU0000723697		1.197923	

The table was prepared on the basis of the net asset values valid as at the last trading day of the period.

IV. COMPOSITION OF THE INVESTMENT FUND

Designation	31.12.2019		31.12.2020	
	Amount / Value (HUF)	In percent (%)	Amount / Value (HUF)	In percent (%)
Investment units of EMU non-money-market funds	574 597 693	20.78	6 977 876 530	66.28
Investment units of other foreign non-money market funds	2 190 873 485	79.22	925 129 004	8.79
Shares - Other foreign			2 547 366 551	24.19
Total officially listed negotiable securities	2 765 471 178	100.00	10 450 372 085	99.26
Total negotiable securities traded on other regulated markets				
Total recently issued negotiable securities				
Investment units of Hungarian non-money-market funds			78 187 678	0.74
Other negotiable securities			78 187 678	0.74
Total debt securities				
Total securities	2 765 471 178	100.00	10 528 559 763	100.00

The table was prepared on the basis of the net asset values valid as at the last trading day of the period.

V. Changes in the assets of the investment fund

Income from investment:

	Data in HUF k
Income from financial transactions	2020
Dividends of shares	42 722
Exchange gains on shares	903 614
Interest received from financial institutions	433
Exchange gains on derivative transactions	264 533
Total:	1211302

Prepared on the basis of the data in the 2020 accounting records of the Fund

	Data in HUF k
Expenses of financial transactions	2020
Loss arising on year-end revaluation of liquid assets	32 448
Exchange losses on derivative transactions	151 440
Option fees	5 247
Payable interests	206
Exchange losses on shares	156 455
Total:	345 796

Prepared on the basis of the data in the 2020 accounting records of the Fund

Other income and other expenses:

In 2020, the Fund recognised a penalty commission of **HUF 740,000** as **Other income** and its special tax on investment funds of **HUF 2,634,000** as **Other expenses**.

Costs, fees and taxes recognised in the business year:

	Data in HUF k
Operating costs	2020
Fund management fees	42 630
Custodial fees	3 512
Auditor's fee	343
Supervisory fees	1 854
Commission fees	9 145
Brokerage commission	5 095
Transaction fees	1 176
Main distributor's commission (trailer fees)	2 684
Distributor's commission (trailer fees)	20 331
KELER (clearinghouse) fees	9
Bank charges	101
Total:	86 880

Prepared on the basis of the data in the 2020 accounting records of the Fund

Net income, changes on the capital account and increases in investment value:

Capital growth:	2020
Value difference of repurchased investment units upon	1 739 596
Reserve for valuation difference	1 559 830
Profit of previous year(s)	103 833
Profit of the financial year	776 732
Total:	4179 991

Prepared on the basis of the data in the 2020 accounting records of the Fund

The fund had no distributed or reinvested income in 2020.

VI. Change in the net asset values and the net asset value per unit

	Fund name	Series	Currency	ISIN	Net asset value	Unit price	Value date
Aegon Emerging Investment Fund	Market ESG Equity	A	HUF	HU0000705272	2 518 085 779	1.684851	29.12.2017
Aegon Emerging Investment Fund	Market ESG Equity	A	HUF	HU0000705272	2 638 156 965	1.569535	28.12.2018
Aegon Emerging Investment Fund	Market ESG Equity	A	HUF	HU0000705272	2 635 032 633	1.837432	31.12.2019
Aegon Emerging Investment Fund	Market ESG Equity	A	HUF	HU0000705272	4 232 185 856	2.190348	31.12.2020
Aegon Emerging Investment Fund	Market ESG Equity	B	EUR	HU0000705934	239 288	1.363767	29.12.2017
Aegon Emerging Investment Fund	Market ESG Equity	B	EUR	HU0000705934	346 173	1.225761	28.12.2018
Aegon Emerging Investment Fund	Market ESG Equity	B	EUR	HU0000705934	330 804	1.396314	31.12.2019
Aegon Emerging Investment Fund	Market ESG Equity	B	EUR	HU0000705934	1 403 626	1.505694	31.12.2020
Aegon Emerging Investment Fund	Market ESG Equity	I	HUF	HU0000723655	6 701 184 313	1.295659	31.12.2020
Aegon Emerging Investment Fund	Market ESG Equity	U	USD	HU0000723705	219 662	1.405046	31.12.2020
Aegon Emerging Investment Fund	Market ESG Equity	R	HUF	HU0000723663	303 687 972	1.301864	31.12.2020
Aegon Emerging Investment Fund	Market ESG Equity	L	PLN	HU0000723689	4 465 116	1.238763	31.12.2020
Aegon Emerging Investment Fund	Market ESG Equity	P	PLN	HU0000723671	16 361	1.258560	31.12.2020
Aegon Emerging Investment Fund	Market ESG Equity	C	CZK	HU0000723697	95 834	1.197923	31.12.2020

VII. Derivative transactions

Transaction	maturity	open	deal price	last f. price	value	currency	day
MSCI EmgMkt Mar20 Purchase	20.03.2020	18	,	1 008.8000	-19 804	HUF	28.02.2020
Total						HUF	28.02.2020
MSCI EmgMkt Jun20 Purchase	19.06.2020	18	756.489	842.9000	25 436	HUF	31.03.2020
Total						HUF	
MSCI EmgMkt Jun20 Purchase		7	756.489	,		HUF	
MSCI EmgMkt Jun20 Purchase		12	,	,		HUF	
Total						HUF	30.04.2020
MSCI EmgMkt Jun20 Purchase	19.06.2020	2	756.489	932.9000	5 527	HUF	29.05.2020
MSCI EmgMkt Jun20 Purchase	19.06.2020	12	818.617	932.9000	21 486	HUF	29.05.2020
Total						HUF	
MSCI EmgMkt Sep20 Purchase		4	,	,	-260	HUF	
MSCI EmgMkt Sep20 Purchase	18.09.2020	4	,	985.7000	-1 676	HUF	30.06.2020
Total						HUF	30.06.2020
MSCI EmgMkt Sep20 Purchase	18.09.2020	4	989.800	1 069.3000	4 621	HUF	31.07.2020
MSCI EmgMkt Sep20 Purchase	18.09.2020	4	1 012.082	1 069.3000	3 326	HUF	31.07.2020
MSCI EmgMkt Sep20 Purchase		5	,	,	-603	HUF	31.07.2020
MSCI TAIWAN INDEX Aug20		10	,	,	-552	HUF	31.07.2020
FTSE CHINA A50 Aug20 Purchase	28.08.2020	60	,	,	-1 175	HUF	31.07.2020
Total						HUF	31.07.2020
MSCI EmgMkt Sep20 Purchase	18.09.2020	4	989.800	1 100.4000	6 576	HUF	31.08.2020
MSCI EmgMkt Sep20 Purchase		4	,	,		HUF	
MSCI EmgMkt Sep20 Purchase		5	,	,		HUF	

Transaction	maturity	open	deal price	last f. price	value	currency	day
MSCI TAIWAN INDEX Sep20		10	,	,	-	HUF	
FTSE CHINA A50 Sep20 Purchase		60	,	,		HUF	
Total						HUF	31.08.2020
MSCI EmgMkt Dec20 Purchase	18.12.2020	6	1 104.069	1 088.5000	-1 454	HUF	30.09.2020
FTSE CHINA A50 Oct20 Purchase	29.10.2020	60	15 232.500	15 120.0000	-2 101	HUF	30.09.2020
MSCI TAIWAN INDEX Oct20		12	492.600	,	149 472	HUF	
Total						HUF	
MSCI EmgMkt Dec20 Purchase		6	,	,	-205	HUF	
FTSE CHINA A50 Dec20 Purchase	30.12.2020	60	,	,	-1 481	HUF	30.10.2020
MSCI TAIWAN INDEX Dec20	30.12.2020	12	496.150	487.8000	-3 156	HUF	30.10.2020
Total						HUF	30.10.2020
MSCI EmgMkt Dec20 Purchase		6	,	,		HUF	
FTSE CHINA A50 Dec20 Purchase		60	,	,		HUF	
MSCI EmgMkt Dec20 Purchase	18.12.2020	30	1 112.057	1 202.3000	40 670	HUF	30.11.2020
FTSE Taiwan Index Dec20	30.12.2020	14	1 078.500	1 188.5000	18 507	HUF	30.11.2020
Total						HUF	30.11.2020
MSCI EmgMkt Mar21 Purchase	19.03.2021	11	1 227.618	1 288.2000	9 908	HUF	31.12.2020
MSCI EmgMkt Mar21 Purchase		4	,	,		HUF	
MSCI EmgMkt Mar21 Purchase		36	,	,		HUF	
FTSE Taiwan Index Feb21	25.02.2021	14	1 257.250	1 268.5000	1 873	HUF	31.12.2020
FTSE CHINA A50 Mar21 Purchase	30.03.2021	60	17 190.533	17 739.0000	9 785	HUF	31.12.2020
Total						HUF	31.12.2020

The Fund Manager concludes daily-settlement futures transactions, the valuation-day result of which (gain or loss) is stated among receivables or liabilities. The result of the not-yet-closed derivative transactions presented in this table shows the gain or loss, pro rata, calculated up to 31.12.2020, regardless of their financial settlement.

VIII. Changes in the operations of the investment fund manager and major factors affecting developments in the investment policy

The following major changes took place with regard to the operations of the Fund Manager in 2020. On 7 July 2020, Olaf Adriaan Wilhelmus Johannes van den Heuvel was elected member of the Fund Manager's Supervisory Board. Since 29 July 2020, Jane Daniel has held the position of Chair of the Fund Manager's Supervisory Board. András Loncsák is Chief Investment Officer of the Fund Manager and he directly reports to the Fund Manager's Chief Executive Officer. These changes did not affect the investment policy of the Fund.

In possession of the resolution of the Supervisory Authority, Aegon Asia Equity investment Fund of Funds was established on 21 February 2020, and the harmonisation type of the Fund changed from a fund harmonised under the AIFMD Directive to a harmonised fund under the UCITS Directive. The name of the Fund changed and its investment policy was substantially changed simultaneously with the transformation. After the transformation, the new name of the fund is Aegon Emerging Market ESG Equity Investment Fund. The new aim of the Fund is to profit from the economic growth of emerging countries. Besides its investment policy, the composition of the Fund's reference index also changed.

At the end of 2019 the first news regarding Covid-19 (coronavirus), which started in China, began to be aired. In the first few months of 2020, the virus spread around the globe, hitting communities and economies in several waves. Although a small number of vaccines had already been developed and become available for use at the end of 2020, it is not until 2021 that mass vaccinations are expected to be rolled out. Changes on the money and capital market in 2020 were largely shaped by the fallout from the coronavirus, and the effects of the pandemic are likely to have a major impact on 2021 as well. AEGON MAGYARORSZÁG BEFEKTETÉSI

Throughout its operation and investment decision-making, Aegon Magyarország Befektetési Alapkezelő Zrt. has paid and will continue to pay particular attention to assessing the market effects of the coronavirus. At the time of preparation of the annual report, no facts are known that might call into question the future viability of the Fund.

Documents (prospectus, management policy, key investor information) of the Aegon Asia Equity Investment Fund of Funds changed with an effective date of 21 February 2020. The reasons for this change are the change in the name of the Fund, the transformation of its investment policy, change in its harmonisation and the launching of new series. As from the date above, the new name of the Fund is Aegon Emerging Market ESG Equity Investment Fund with the aim of profiting from the GDP growth of developing economies, either directly, through increasing stock prices or dividend payments of listed companies (specific stock investments), or indirectly (ETF, investment funds), while considering environmental, social and governance (ESG) criteria. Geographical distribution is determined by the MSCI developing market specification, in which European and Latin American companies are also given emphasis besides the significant focus on Asia. With a view to hedging the portfolio of the Fund and efficiently developing it, futures stock and index transactions are allowed. This way, the stock composition of the portfolio underwent considerable changes over the year.

(a) - (b) the total amount of remuneration, broken down by fixed and variable remuneration paid to employees and by employee category, with an indication of the number of beneficiaries

	Total amount of remuneration	Persons who have a significant impact on the risk profile of the AIF through their activities (including senior managers)
Headcount data (persons)	57	6
Fixed	634 224 470	196 047 892
Variable	73 635 862	37 520 755
Profit share	0	0

(c) method for calculating pay and benefits

The bonus system is meant to reward the members of the management team, non-junior asset managers, analysts, experienced salespeople, the head of risk management and the head of finance for excellent performance based on criteria tailored to the individual concerned. Based on the rating of the employees working in the above areas, the maximum payable bonus can be anything between 45% and 100% of the annual basic salary. The Chairman and CEO sets the specific objectives for the individuals concerned, which the Head of Risk Management reviews in the case of Identified Employees.

The job-related duties of the Chief Executive Officer and the Head of Risk Management are approved by the Supervisory Board and/or the representative of Aegon Asset Management. The fulfilment of the objectives is assessed, monitored and approved in accordance with the above.

When determining the disburseable bonus amount, the bonus budget calculated according to the conditions laid down by the remuneration committee of Aegon Asset Management and approved by the same is another control besides the attainment of individual goals.

(d) results of the review of the remuneration policy

Internal audit had no findings to report in the annual review of the remuneration policy and found everything to be in accordance with the requirements. The Fund Manager's Supervisory Board was briefed about the report of the audit.

(c) substantive changes in the remuneration policy

There were no significant changes in the remuneration policy during the reporting year.

X. In respect of all EU AIFs distributed by the AIFM and all AIFs distributed by the AIFM in EEA countries, not including AIFMs referred to under Section 2, subsection (2),

(a) the share of the AIF's assets to which, due to their non-liquid nature, special rules apply:

In the reporting period, the Fund did not held non-liquid assets defined in the Liquidity Policy of the Fund.

(b) all new agreements made in the relevant period relating to the liquidity management of the AIF,

The Fund Manager did not conclude any new agreements in the reporting period in relation to the liquidity management of the Fund.

(c) Current risk profile of the AIF and the risk management systems applied by the AIFM to manage these risks.

Name of Fund	Base currency of Fund	recommended minimum investment period (Series A)	risk classification
Aegon Emerging Market ESG Equity Investment Fund of Funds	HUF	4 year	6 (high)

The Fund is primarily intended for Investors who plan to invest for at least the recommended minimum investment period and who consider the indicated value on a scale of 1 to 7 of the risk/reward profile to be acceptable in light of their risk appetite.

The aim of the Fund is to profit from the GDP growth of developing economies, either directly, through increasing stock prices or dividend payments of listed companies (specific stock investments), or indirectly (ETF, investment funds), while considering environmental, social and governance (ESG) criteria. The Fund accomplishes this aim basically through specific stock investments; nevertheless, it may hold collective investment instruments, if justified for efficient portfolio management. These may primarily be exchange-traded ETFs or open-end public investment funds.

In selecting the stocks, the Fund pays special attention to the ESG compliance of individual companies; therefore, besides analysing financial factors, portfolio managers also consider environmental, social and governance factors in the investment decision process. The Fund Manager strives to develop a portfolio in which the average of the indices measuring the companies' compliance with ESG criteria is better than the aggregated indicator of the benchmark index, i.e. their environmental, social and governance responsibilities are more advanced.

The Fund's benchmark: 100% MSCI Emerging Net Total Return USD Index (Bloomberg ticker: NDUEEGF Index)

The Fund uses derivatives for hedging purposes and for efficient portfolio management in order to achieve its investment objectives. Exposure of derivative transactions for efficient portfolio management may not be higher than 30% of the net asset value of the Fund.

The Fund Manager establishes a separate department to perform risk management and compliance tasks, with the risk management and compliance officer being responsible for its operation. Within the department, the risk management unit aims to develop risk management practices that are suitable for identifying, measuring, continuously monitoring and managing the Fund's risks. The procedures and rules applied ensure that the risk profile disclosed to investors is in line with the risk limits set out in the Fund's management regulations.

As part of the risk management process, the risk management unit operates a limit system, which monitors, in separate subsystems, the legal, contractual and internal limits on the conclusion of individual transactions, the exposure to each partner, and the investment limits set by the Fund Manager in the Fund's management regulations and communicated to its investors.

The Fund Manager applies a liquidity management system for the Fund to monitor the liquidity risks of the Fund and to ensure that the liquidity profile of the investments of the Fund comply with the obligations of the Fund.

XI. Use of leverage

The Fund may apply leverage only within the legal limits: The total net risk exposure of the investment fund may not be higher than twice the net asset value of the investment fund, i.e. the maximum leverage that may be applied by the Fund is 2. The Fund's investment policy has no other restrictions. In the reporting period, the Fund concluded derivative transactions only for efficient portfolio development. The total netted risk exposure of the Fund as at 31 December 2020 was as follows: 1.13

XII. Income statement

Aegon Emerging Market ESG Equity Investment Fund

	Previous year	Reference year
	HUF k	HUF k
I. Income from financial transactions	139 564	1 211 302
II. Expenses of financial transactions	6 447	345 796
III. Other income	378	740
IV. Operating costs	46 616	86 880
V. Other expenses	1 401	2 634
VI. Paid and payable yields	0	0
Profit/loss for the reporting year (I.-II.+III.-IV.-V.-VI.)	85 478	776 732

Prepared on the basis of the data in the 2020 accounting records of the Fund