

AEGON CENTRAL EUROPEAN EQUITY INVESTMENT FUND

2020 ANNUAL REPORT

This report has been prepared by AEGON Magyarország Befektetési Alapkezelő Zrt. as the fund manager of Aegon Central Europe 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: Kbfv), 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 Central Europe Equity Investment Fund

Abbreviated name of the Fund

Aegon Central European Equity Fund

Registration number of the Fund

1111-57

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	HU0000702501	C	CZK	HU0000717392
B	EUR	HU0000705926			
I	HUF	HU0000709530			

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 Citibank Europe plc Hungarian Branch Office
1051 Budapest, Szabadság tér 7.

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	440 332 818	2.54	1 425 235 344	8.58
Repo				
Negotiable securities	16 950 751 402	97.60	15 277 430 014	92.0
Derivative transactions		0.00		0.00
Other assets	29 015 524	0.17	12 811 248	0.08
Total assets	17 420 099 744	100.31	16 715 476 582	100.66
Liabilities	-54 210 788	-0.31	-110 082 295	-0.66
Net asset value	17 365 888 956	100.00	16 605 394 287	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	fund	series	currenc	ISIN	31.12.2019	31.12.2020
Aegon Central Europe Equity Investment Fund	A	HUF	HU0000702501	782 427 568	747 785 588	
Aegon Central Europe Equity Investment Fund	B	EUR	HU0000705926	355 682	516 788	
Aegon Central Europe Equity Investment Fund	I	HUF	HU0000709530	1 900 881 998	1 923 685 074	
Aegon Central Europe Equity Investment Fund	C	CZK	HU0000717392	100 000	100 000	

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	fund	series	currenc	ISIN	31.12.2019	31.12.2020
Aegon Central Europe Equity Investment Fund	A	HUF	HU0000702501	5.949989	5.595872	
Aegon Central Europe Equity Investment Fund	B	EUR	HU0000705926	4.81904	4.101618	
Aegon Central Europe Equity Investment Fund	I	HUF	HU0000709530	6.387725	6.053698	
Aegon Central Europe Equity Investment Fund	C	CZK	HU0000717392	1.241858	1.095436	

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 (%)
Shares - Domestic - Monetary financial institutions	1 881 847 606	11.10	1 512 539 042	9.90
Shares - Domestic - Insurers and pension savings companies	3 744 000	0.02		
Shares - Domestic - Non-financial companies	2 173 224 172	12.82	2 206 604 900	14.44
Shares - EMU	3 149 088 157	18.58	3 520 316 686	23.04
Shares - Other foreign	9 540 810 199	56.29	7 814 776 031	51.15
Total officially listed negotiable securities	16 748 714 134	98.81	15 054 236 659	98.54
Total negotiable securities traded on other regulated markets				
Total recently issued negotiable securities				
Investment units of EMU non-money-market funds	202 037 268	1.19	223 193 355	1.46
Other negotiable securities	202 037 268	1.19	223 193 355	1.46
Total debt securities				
Total securities	16 950 751 402	100.00	15 277 430 014	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
Interest received from financial institutions	1 664
Exchange gains on shares	1 463 093
Dividends received	187 681
Exchange gains on securities lent	52 994
Security lending fee	55
Exchange gains on derivative transactions	967 474
Foreign currency exchange rate gains	38 840
Total:	2 711 801

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

Data in HUF k	
Expenses of financial transactions	2020
Exchange losses on shares	100 014
Exchange losses on derivative transactions	1 085 916
Payable option premium	23 954
Payable interests	1 821
Expenditures of securities lending	9
Exchange losses on foreign shares	1 603 956
Total:	2 815 669

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 and duty revenues of **HUF 9,348,000** as **Other revenues**.

Costs, fees and taxes recognised in the business year:

Data in HUF k	
Operating costs	2020
Fund management fees	112 575
Custodial fees	10 222
Distributor's commissions	42 696
Performance fees	38 326
Brokerage commissions	2 501
Auditor's fee	2 863
Supervisory fees	5 084
Index usage	703
Commission fees	22 731
Bank charges	99
Total:	237 799

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:

<i>Capital growth:</i>	2020
from the value difference of repurchased series "A"	-563 410
from the value difference of repurchased series "B"	495 759
from the value difference of repurchased series "I"	7 393 123
from the revaluation difference of securities	1 215 178
from the profit of previous years	5 595 318
from the profit of the business year	-339 697
Total:	13 796 271

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 Central Europe Equity Investment Fund	A	HUF	HU0000702501	6 564 349 730	5.846100	29.12.2017
Aegon Central Europe Equity Investment Fund	A	HUF	HU0000702501	5 449 034 893	5.364994	28.12.2018
Aegon Central Europe Equity Investment Fund	A	HUF	HU0000702501	4 655 435 423	5.949989	31.12.2019
Aegon Central Europe Equity Investment Fund	A	HUF	HU0000702501	4 184 512 434	5.595872	31.12.2020
Aegon Central Europe Equity Investment Fund	B	EUR	HU0000705926	6 124 276	5.046134	29.12.2017
Aegon Central Europe Equity Investment Fund	B	EUR	HU0000705926	3 681 033	4.466969	28.12.2018
Aegon Central Europe Equity Investment Fund	B	EUR	HU0000705926	1 714 046	4.819040	31.12.2019
Aegon Central Europe Equity Investment Fund	B	EUR	HU0000705926	2 119 667	4.101618	31.12.2020
Aegon Central Europe Equity Investment Fund	I	HUF	HU0000709530	12 704 231 923	6.164195	29.12.2017
Aegon Central Europe Equity Investment Fund	I	HUF	HU0000709530	11 025 636 048	5.704105	28.12.2018
Aegon Central Europe Equity Investment Fund	I	HUF	HU0000709530	12 142 311 461	6.387725	31.12.2019
Aegon Central Europe Equity Investment Fund	I	HUF	HU0000709530	11 645 408 485	6.053698	31.12.2020
Aegon Central Europe Equity Investment Fund	C	CZK	HU0000717392	130 879	1.308787	29.12.2017
Aegon Central Europe Equity Investment Fund	C	CZK	HU0000717392	116 829	1.168285	28.12.2018
Aegon Central Europe Equity Investment Fund	C	CZK	HU0000717392	124 186	1.241858	31.12.2019
Aegon Central Europe Equity Investment Fund	C	CZK	HU0000717392	109 544	1.095436	31.12.2020

VII. Derivative transactions

Transaction	maturity	open	deal price	last f. price	value	currency	day
WIG20 INDEX FUT Mar20 Purchase		696	,	,	-91 507	HUF	
MIDWIG INDEX FUT Mar20		160	,	,	14 859 724	HUF	
Total						HUF	
WIG20 INDEX FUT Mar20 Purchase	20.12.2019	696	,	,	-436 531 200	HUF	28.02.2020
MIDWIG INDEX FUT Mar20	20.03.2020	160	3 881.327	3 599.0000	-35 415	HUF	28.02.2020
Total						HUF	28.02.2020
WIG20 INDEX FUT Jun20 Purchase		696	,	,	127 548 164	HUF	
WIG20 INDEX FUT Jun20 Purchase		465	,	,	64 963 291	HUF	
Total						HUF	
WIG20 INDEX FUT Jun20 Purchase	19.06.2020	696	,	,	267 428	HUF	30.04.2020
WIG20 INDEX FUT Jun20 Purchase	19.06.2020	465	1 430.422	1 650.0000	158 710 458	HUF	30.04.2020
Total						HUF	30.04.2020
WIG20 INDEX FUT Jun20 Purchase		696	,	,	350 034 590	HUF	
WIG20 INDEX FUT Jun20 Purchase		465	,	,	213 753	HUF	
Total						HUF	29.05.2020
WIG20 INDEX FUT Sep20 Purchase	18.09.2020	1 161	1 807.872	1 754.0000	-99 872	HUF	30.06.2020
Total						HUF	30.06.2020
WIG20 INDEX FUT Sep20 Purchase	18.09.2020	1 161	1 807.872	1 764.0000	-79 662	HUF	31.07.2020
Total						HUF	31.07.2020
WIG20 INDEX FUT Sep20 Purchase		1 161	,	,	-12 848	HUF	
Total						HUF	31.08.2020

Transaction	maturity	open	deal price	last f. price	value	curren	day
WIG20 INDEX FUT Dec20 Purchase		595	,	,	-22 168 457	HUF	
Total						HUF	
WIG20 INDEX FUT Dec20 Purchase	18.12.2020	595	1 735.124	,	-208 536 759	HUF	30.10.2020
Total						HUF	30.10.2020
WIG20 INDEX FUT Dec20 Purchase	18.12.2020	595	1 735.124	1 829.0000	89 838 834	HUF	30.11.2020
Total						HUF	
WIG20 INDEX FUT Mar21 Purchase		740	,	,	-9 810 165	HUF	
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.

The above changes did not affect the investment policy of the Fund - that did not change in 2020.

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. 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.

In line with the investment policy of the Fund, the predominant part of the portfolio consists of Central European shares. The composition of the portfolio did not change significantly, while the changes in the composition of the Fund were justified by the aim of exploiting the various market opportunities that

IX. Remuneration paid by the investment fund manager

(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 management members, 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.

(e) 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:

The share of non-liquid assets in the Fund, as defined in the Fund’s Liquidity Policy, is 1.34%.

(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.

Series “A” of the Fund, denominated in the base currency of the Fund, has the following investor profile:

Name of Fund	Base currency of Fund	recommended minimum investment period (Series A)	risk classification
Aegon Central Europe Equity Investment Fund	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 invest on the stock market of the Central and Eastern European Region. It is for investors who would like a share in the long-term performance of listed companies in the region. On average, the Fund’s stock-market exposure is 95%.

The Fund purchases stocks issued by companies in Central and Eastern European region (primarily Hungary, the Czech Republic, Poland, Austria, Romania, secondarily Slovenia, Croatia, Russia, Turkey), but it may also invest in the stocks of other developing and developed foreign companies as well as other collective investment securities. The Fund may fully or partly hedge against foreign currency risks with forward foreign currency options. With a view to efficiently developing the portfolio of the Fund and efficiently developing it, futures stock and index transactions are allowed. To ensure liquidity, the Fund wishes to add government securities issued by the Government Debt Management Agency on behalf of the Hungarian State to its portfolio.

The reference index of the Fund is the following composition of the indices calculated by the Vienna Stock Exchange:

15% MSCI Emerging Markets Hungary Net Total Return Local Index + 15% MSCI Emerging Markets Czech Republic Net Total Return Local Index + 45% MSCI Emerging Markets Poland Net Total Return

Local Index + 15% MSCI Austria Net Total Return Local Index + 10% MSCI Romania Net Total Return Local Index.

As for the series of the Fund, the value of the reference index must be calculated in the same currency as that of the series in question.

The Fund uses derivatives for hedging purposes and for efficient portfolio management in order to achieve its investment objectives.

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 reference period, the Fund made derivative transactions only for efficient portfolio development. The total netted risk exposure of the Fund as at 31 December 2020 was as follows: 1.14

XII. Income statement

Aegon Central Europe Equity Investment Fund

	Previous year	Reference year
	HUF k	HUF k
I. Income from financial transactions	1 334 043	2 711 801
II. Expenses of financial transactions	716 635	2 815 669
III. Other income	1 546	9 348
IV. Operating costs	227 926	237 799
V. Other expenses	8 598	7 378
VI. Paid and payable yields	0	0
Profit/loss for the reporting year (I.-II.+III.-IV.-V.-VI.)	382 430	-339 697

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