

# AEGON CENTRAL EUROPEAN

## BOND FUND

### GENERAL INFORMATION

**ISIN code:** HU-0000705256  
**Bloomberg code:** AEGEMMA HB Equity  
**Fund Manager:** AEGON Magyarország Befektetési Alapkezelő Zrt.  
**Custodian:** UniCredit Bank Hungary Zrt.  
**Main distributor:** AEGON Magyarország Befektetési Jegy Forgalmazó Zrt.  
**Distributors:** CIB Bank Zrt.; Codex Értéktár és Értékpapír Zrt.; Equilor Befektetési Zrt.; ERSTE Befektetési Zrt.; UniCredit Bank Hungary Zrt.; Raiffeisen Bank Zrt.; Magyar Takarékszövetkezeti Bank Zrt.; BNP Paribas Magyarországi Fióktelepe; Commerzbank Zrt.; Concorde Értékpapír Zrt.  
**Launch Date of the Fund:** 11.05.2007  
**Currency:** HUF  
**Benchmark:** 50% EFFAS Poland Liquid All > 1YR Index + 30% EFFAS Hungary Liquid All > 1YR Index + 20% EFFAS Czech Republic Liquid All > 1 YR Index  
**Net Asset Value (HUF):** 467 250 569  
**Net Asset Value per share:** 1.070186

### Investment Policy of the Fund:

The AEGON Hungary Fund Management Co. launched the AEGON Central-European Bond Fund, so that potential investors could profit from those countries' bond markets which offer high-yields. Although these countries are developing ones, their macroeconomic background is stable and they are on a growth path. The anticipatory yield of the Fund is higher than the yield of a domestic bond fund, but the risk is also a bit bigger. A high yield, or "junk bond" is a bond issued by a country or a company that is considered to have higher credit risks. The credit rating of a high yield bond is considered "speculative grade", or below "investment grade". This means that the chance of default with high yield bonds is higher than for other bonds. Their higher credit risk means that "junk bond" yields are higher than bonds of better credit quality. Studies have demonstrated that portfolios of high yield bonds have higher returns than other bond portfolios, suggesting that the higher yields more than compensate for their additional default risk. The investment possibilities of the Fund are very wide, so the portfolio manager has a widespread financial leeway to build up an optimal portfolio. We target the utmost yield by taking the lowest risk. By taking investment decisions we use fundamental and technical analysis, and we certainly keep an eye on the market sentiment. Our investment decisions are supported by a special investment-planning model, which contains important macroeconomical data and indicators, like the anticipated level of inflation in these countries, their GDP growth, their credit ratings and so on. The portfolio manager generates a so-called risk – yield map, by focusing on the anticipated macroeconomic environment, the anticipated yield curve, and the above-mentioned model. Ultimately, the map demonstrates which risk-yield pairs are considered to be safe and offer relatively high yields at the same time.

### Investment horizon:

Suggested minimum investment period



3 months



1 year



2 years



3 years



5 years

Risc Scale



very low



moderate



high

### Market Summary:

The domestic bond market was very hectic in May, mainly for reasons with external origin. A significant correction during the first

### The asset allocation of the Fund, 31.05.2010

Hungarian T-bills	0.00%
Hungarian Government Bonds	27.63%
International Bonds	63.16%
Government paper repo	3.63%
Current account	5.59%
Other assets	0.00%
Total investment assets	100.00%
Net corrected leverage	21.88%
Derivative products	0.00%

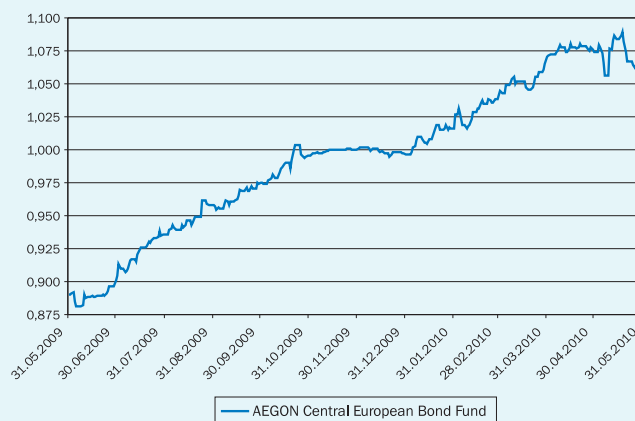
half of the month took place on the main international stock exchanges. The market was already overbought, this phenomenon could be considered normal technical downfall, and coincided with the escalation of the debt problem of the developed market, this overall deteriorated the global risk appetite and the regional market could not break away from the global processes. In May, has also been demonstrated that the regional diversification pays off: the Fund fell less than the domestic bond market, while the forint has strengthened even against the zloty May. Thanks to well-timed tactical underweight (especially the Polish and Hungarian markets) in May, the Fund was able to compensate the investors for the previous underperformance accrued since February, compared to the market. Looking ahead, the regional bonds might be attractive once again as the longer end papers offer higher yield and have advantage over the shorter maturities on a relative stable market, which might be supported by the passivity of central banks.

### NET Yield Performance of the Fund:

Time horizon	12 months*	2009 year	2008 year
Net return of the Fund*	20.21%	16.47%	-16.10%
Benchmark performance**	14.14%	26.35%	-3.70%

\* It shows the net performance of the fund until 31/05/10  
 The Fund was launched on 11/05/07  
 \*\* The net return of the benchmark index.

### THE NET PERFORMANCE OF THE FUND BASED ON THE NET ASSET VALUE PER SHARE



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.