



Aegon Emerging Europe Bond Fund institutional 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: | HU0000718408 |
| Start: | 12/30/2016 |
| Currency: | HUF |
| Total Net Asset Value of the whole Fund: | 8,999,800 EUR |
| Net Asset Value of institutional series: | 2,522,145,000 HUF |
| Net Asset Value per unit: | 1.008858 HUF |

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.

DISTRIBUTORS

NET YIELD PERFORMANCE OF THE SERIES:

| Interval | Yield of note | Benchmark yield |
|------------|---------------|-----------------|
| From start | 0.89 % | |
| 1 month | 1.07 % | |

INVESTMENT HORIZON:

Suggested minimum investment period:



Risk and Reward Profile:



MARKET SUMMARY:

Overall, the month of February was mixed. On the one hand we've continued to see those assets more sensitive to Trump's proposed policies continue to perform solidly despite some uncertainty still about what to expect from the new President. On the other hand, Euro assets have largely underperformed likely reflecting some concern about the upcoming European elections and particularly those in France and Italy. Another theme which has been consistent through much of the month has been the incredibly low level of volatility across the vast majority of asset classes even with the political uncertainty. Meanwhile, emerging markets kept posting improving economic data which is mainly attributable to developed markets and how they keep lifting EM as a whole. Technicals remained the main supporting factor for EM as inflows continued in the month and reached USD 7 billion YTD. Emerging market spreads tightened by 15 basispoints thanks to the supporting factors and the favourable international environment. The hot topic in the month was Turkey. After the Turkish Central Bank raised its lending rate the depreciating pressure on the TRY diminished and Turkish assets became the top performer in February. We closed our Serbian exposure and bought Turkish credit in February.

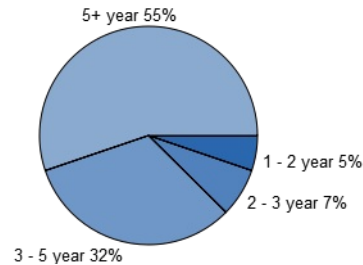
ASSET ALLOCATION OF THE FUND ON 02/28/2017

| Asset type | Weight |
|---|----------|
| Government bonds | 86.03 % |
| Corporate bonds | 4.73 % |
| Current account | 7.38 % |
| Market value of open derivative positions | 1.87 % |
| Liabilities | -0.01 % |
| total | 100,00 % |
| Derivative products | 0.00 % |
| Net corrected leverage | 100.00 % |

Assets with over 10% weight

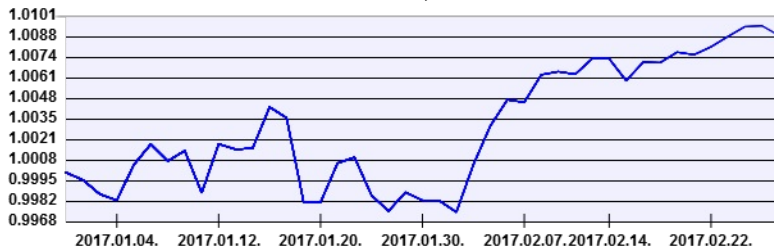
RUSSIA 2020/04/29 5% (Russian Federation)

Bonds by tenor:



NET PERFORMANCE OF THE SERIES

NET ASSET VALUE PER SHARE, 12/30/2016 - 02/28/2017



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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

RISK INDICATORS FOR THE LAST 12 MONTHS:

Annualized standard deviation of the fund's weekly yields: 0.75 %