

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:	10,406,967 EUR
Net Asset Value of institutional series:	2,989,069,932 HUF
Net Asset Value per unit:	1.046790 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. The investment policy of the fund changed on the 30th of December, 2016. Since then the fund has no benchmark, and fund performance before the change is not applicable.

DISTRIBUTORS

NET YIELD PERFORMANCE OF THE SERIES:

Interval	Yield of note	Benchmark yield
From start	4.68 %	
1 month	-0.06 %	
3 months	1.06 %	
6 months	2.22 %	

RISK INDICATORS FOR THE LAST 12 MONTHS:

Annualized standard deviation of the fund's weekly yields: 2.54 %

INVESTMENT HORIZON:

Suggested minimum investment period:

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 months	6 months	1 year	2 years	3 years	4 years	5 years

Risk and Reward Profile:

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
very low	low	moderate	intermediate	significant	high	very high

MARKET SUMMARY:

October was by and large another positive month. Measures of volatility continued to hover near historical lows. The major central bank meeting (ECB) during the month passed without any surprises despite the taper announcement, while expectations of some tax reform progress in the US appeared to help sentiment at the margin. Some turbulence occurred on the core bond markets in the second part of the month as rumors around the next potential FED chair emerged and the market took that as a rather hawkish news. During the month, EM local currency funds witnessed significant outflows on stronger dollar and rising rates, while hard currency funds continued to attract inflows. EM sovereign bond spreads have remained resilient in the face of the news coming from the US. The only turbulence among the EM space was more idiosyncratic. Turkey bonds witnessed downward price pressures as diplomatic ties between the US and the country turned somewhat tense and the Turkish lira also depreciated significantly which added fuel to the fire. Some encouraging news also came to the light from Latin America as Venezuela announced that it made coupon payments for its state-owned oil company, PDVSA. During the month, we increased our positions in Romania and took some profit on our Ukrainian positions. We closed somewhat our underweight in Russia and took profit and moved closer to the neutral stance in Ukraine.

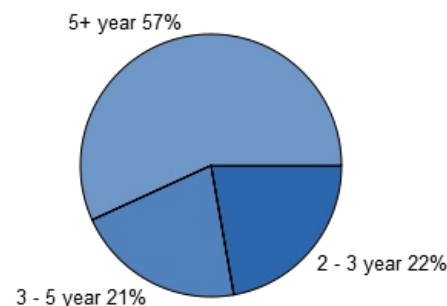
ASSET ALLOCATION OF THE FUND ON 10/31/2017

Asset type	Weight
Government bonds	100.96 %
Current account	2.94 %
Liabilities	-0.11 %
Market value of open derivative positions	-3.78 %
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 - 10/31/2017



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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.