

# Aegon Emerging Europe Bond Fund USD 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:	HU0000718416
Start:	01/05/2017
Currency:	USD
Total Net Asset Value of the whole Fund:	14,495,099 EUR
Net Asset Value of USD series:	109,061 USD
Net Asset Value per unit:	1.090608 USD

## 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 PERFORMANCE OF THE SERIES

### NET ASSET VALUE PER SHARE, 06/01/2018 - 05/31/2019



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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.

## MARKET SUMMARY:

As the US/China trade war is on a path of further escalation, the Trump administration adds to the worsening outlook by announcing a surprisingly specific threat of imposing tariffs on all Mexican imports unless the Mexican government takes decisive action to curb the flow of illegal migration. This is not helping global growth outlook so tensions came to surface regarding a possible recession that the world might face. Due to the trade tensions risk off mood prevail on the markets. Equities were hit and risky bonds have seen relevant spread widening. EM benchmark spread moves out of the past few months' range. Since the 3rd of May, EM benchmark has widened by 35bp but still managed to post (slightly) positive total returns thanks to the compression of UST yields. While the pattern of country sub-index performances since then has shown a strong beta component as well as idiosyncratic factors. The latter is exemplified by the outperformance of South Africa, Ukraine and Argentina driven by domestic developments. We have moved away from high beta names in the portfolio during May. We held higher duration for Azerbaijan, Kazakhstan and Russia during the month while duration for Ukraine moved to even lower levels at the same time Turkey remained unchanged at lows.

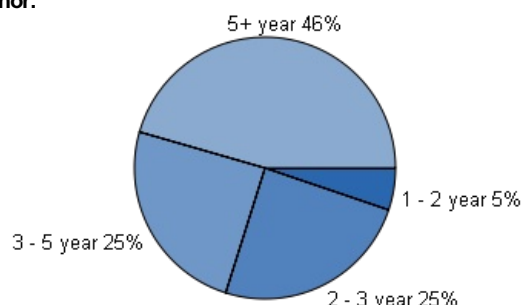
## ASSET ALLOCATION OF THE FUND ON 05/31/2019

Asset type	Weight
Government bonds	85.60 %
Corporate bonds	15.48 %
Current account	3.22 %
Liabilities	-1.86 %
Receivables	0.04 %
Market value of open derivative positions	-2.48 %
total	100,00 %
Derivative products	0.45 %
Net corrected leverage	100.00 %

### Assets with over 10% weight

There is no such instrument in the portfolio

### Bonds by tenor:



## NET YIELD PERFORMANCE OF THE SERIES:

Interval	Yield of note	Benchmark yield
From start	3.68 %	
2018	-2.34 %	

## RISK INDICATORS FOR THE LAST 12 MONTHS:

Annualized standard deviation of the fund's weekly yields: 4.34 %  
 WAM (Weighted Average Maturity): 6.77 years  
 WAL (Weighted Average Life): 8.70 years

## INVESTMENT HORIZON:

Suggested minimum investment period:



Risk and Reward Profile:

