

Aegon Emerging Europe Bond Fund

EUR 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:	HU0000706114
Start:	12/11/2007
Currency:	EUR
Total Net Asset Value of the whole Fund:	20,512,094 EUR
Net Asset Value of EUR series:	1,193,387 EUR
Net Asset Value per unit:	1.069616 EUR

INVESTMENT POLICY OF THE FUND:

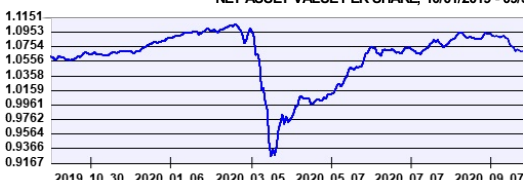
The fund's investment objective is to provide investors with capital appreciation by investing in the sovereign- and quasi-sovereign bond market of Emerging European countries. The fund has no rating constraints, the fund has a permission to invest in any kind of issuer without limitation on its long-term 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

Aegon Magyarország Befektetési Alapkezelő Zrt., Aegon Towarzystwo Ubezpieczen na Zycie Spolka, Aegon Životná poisťovňa, a.s., Commerzbank Zrt., CONCORDE Értékpapír Zrt., Erste Befektetési Zrt., KBC Securities Magyarországi Fióktelepe, MKB Bank Zrt., OTP Bank Nyrt., Raiffeisen Bank Zrt., SC Aegon ASIGURARI DE VIATA SA, Unicredit Bank Hungary Zrt.

NET PERFORMANCE OF THE SERIES

NET ASSET VALUE PER SHARE, 10/01/2019 - 09/30/2020



— Aegon Emerging Europe Bond Fund EUR series

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.

INVESTMENT HORIZON:

Suggested minimum investment period:



Risk and Reward Profile:



MARKET SUMMARY:

Financial markets went through a rather turbulent period, with risk appetite moving back and forth throughout September. The ECB started to signal some unease over EUR appreciation. Eurozone inflation has turned negative for the first time since mid-2016. The initial market reaction following the Fed's shift to a flexible average inflation targeting framework reversed quickly. 10Y Bund and UST yields surged by up to 10bp after the announcement but subsequently declined by 10-15bp from their temporary highs. Equity markets remained well supported, when falling tech stocks started to exert some pressure on major indices. EUR-USD briefly surpassed 1.20 before profit-taking and ECB rhetoric caused the currency pair to slip back into the 1.18-1.19 range. Later in the month, the Fed signalled its expectations to hold the fed funds rate at close to zero through 2023 to bolster the US economy, while Fed Chair Jerome Powell stated that more fiscal support is likely to be needed to keep the recovery on track. Mr. Powell's statements induced some volatility as investors questioned whether Washington will satisfy his call for another stimulus package. After a firm start into the month, equity markets are now on their way to ending the month slightly weaker while 10Y UST yields traded higher opposite to 10Y Bund yields that ended month lower. IG credit spreads, caught between a new wave of issuance and ECB support, moved in a tight range. EUR-USD was pushed back and forth within the 1.1750-1.1900 range. The JPY was the main beneficiary of increasing volatility in risky assets. We decreased duration for Azerbaijan and Kazakhstan as well as held the lower duration for Russia, opened positions in Saudi Arabia and Ivory Coast along with closed position in Ghana, the duration for all other countries remained at neutral levels during the month.

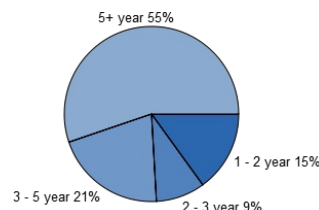
ASSET ALLOCATION OF THE FUND ON 09/30/2020

Asset type	Weight
Government bonds	85.49 %
Corporate bonds	13.44 %
Receivables	12.43 %
Liabilities	-12.40 %
Current account	3.32 %
Market value of open derivative positions	-2.28 %
total	100.00 %
Derivative products	15.00 %
Net corrected leverage	103.75 %

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	0.53 %	0.82 %
2019	10.41 %	
2018	-5.82 %	
2017	4.30 %	
2016	0.03 %	-0.15 %
2015	0.96 %	0.07 %
2014	1.12 %	0.30 %
2013	0.20 %	0.24 %
2012	3.34 %	1.08 %
2011	-0.10 %	1.25 %
2010	1.45 %	1.00 %

RISK INDICATORS FOR THE LAST 12 MONTHS:

Annualized standard deviation of the fund's weekly yields:	12.22 %
WAM (Weighted Average Maturity):	7.37 years
WAL (Weighted Average Life):	9.67 years