

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:	21,311,568 EUR
Net Asset Value of EUR series:	1,018,970 EUR
Net Asset Value per unit:	1.077163 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 Ubezpieczeń na Życie Spółka, Aegon Životná poisťovňa, a.s., Commerzbank Zrt., CONCORDE Értékpapír Zrt., Erste Befektetési Zrt., KBC Securities Magyarországi Fióktelepe, MKB Bank Nyrt., 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, 04/01/2020 - 03/31/2021



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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.

INVESTMENT HORIZON:

Suggested minimum investment period:



Risk and Reward Profile:



MARKET SUMMARY:

Germany, France, Italy, and other Eurozone countries decided to suspend the use of AstraZeneca's COVID-19 vaccine as a temporary, precautionary measure. Following the EMA's ruling that AstraZeneca's vaccine is safe and effective, restart of usage is still unclear. The Fed didn't make changes to monetary policy, while raised its forecast for GDP growth significantly for this year but inflation in the medium term only modestly, and continued to signal no rate hike through 2023. The blocking of the Suez Canal by a large ship increased concerns about a further tightening of the global supply bottlenecks faced by companies. The lockdown in Germany was extended until Apr 18th, but a planned shutdown over Easter was cancelled. US President Joe Biden outlined his proposal for a USD 2trillion package of infrastructure spending to be funded with higher corporate taxes. Government bond markets were rather quiet ahead of the Easter break in the last week of the month; but, 10Y UST and Bund yields rose by 32 and 5bp, respectively. EUR-USD slipped further, to the edge of 1.17, while USD-JPY broke back above 110. Credit spreads remained range bound, with high yield outperforming over the past few days. We held short positions in the U.S. ultra-long government papers as well as added short positions in the 10Y U.S. government bonds, early last month we decreased exposure or even closed positions in high-yielders, such as Ghana, Ivory Coast, MHP and Ukraine while increased exposure to investment-grade credits (Saudi Arabia, Qatar) and also to Croatia and Serbia, later in the month significantly decreased duration of Turkey on the market turmoil caused by CB dismissal and at the same time increased back exposure to Ukraine and Ivory Coast, the duration for all other countries remained at neutral levels during the month.

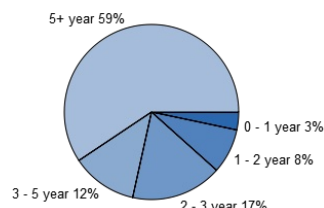
ASSET ALLOCATION OF THE FUND ON 03/31/2021

Asset type	Weight
Government bonds	87.97 %
Corporate bonds	9.52 %
Current account	5.40 %
Liabilities	-0.60 %
Receivables	0.15 %
Market value of open derivative positions	-2.45 %
total	100.00 %
Derivative products	23.16 %
Net corrected leverage	105.87 %

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	0.56 %	0.79 %
2020	4.40 %	
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 %

RISK INDICATORS FOR THE LAST 12 MONTHS:

Annualized standard deviation of the fund's weekly yields:	6.62 %
WAM (Weighted Average Maturity):	6.90 years
WAL (Weighted Average Life):	8.93 years