AEGON Polish Bond Fund

GENERAL INFORMATION

Fund Manager:	AEGON Hungary Fund Manager Ltd.
Custodian:	Unicredit Bank Hungary Zrt.
Main distributor:	AEGON Hungary Befektetési Jegy Forgalmazó Zrt.
Benchmark composition:	50% PDLATR Index + 30% HNLATR Index + 20% CHLATR Index
ISIN code:	HU0000705256
Start:	2007.05.11
Currency:	HUF
Total Net Asset Value of the Fund:	402,745,657 HUF
Net Asset Value per unit:	1.175020 HUF

INVESTMENT POLICY OF THE FUND:

The AEGON Hungary Fund Management Co. launched the AEGON Central-European Bond Fund, so that potential investors could profit from those countries' bond markets which offer high-yields. Although these countries are developing ones, their macroeconomic background is stable and they are on a growth path. The anticipatory yield of the Fund is higher than the yield of a domestic bond fund, but the risk is also a bit bigger. A high yield, or "junk bond" is a bond issued by a country or a company that is considered to have higher credit risks. The credit rating of a high yield bond is considered "speculative grade", or below "investment grade". This means that the chance of default with high yield bonds is higher than for other bonds. Their higher credit risk means that "junk bond" yields are higher than bonds of better credit quality. Studies have demonstrated that portfolios of high yield bonds have higher returns than other bond portfolios, suggesting that the higher yields more than compensate for their additional default risk. The investment possibilities of the Fund are very wide, so the portfolio manager has a widespread financial leeway to build up an optimal portfolio. We target the utmost yield by taking the lowest risk. By taking investment decisions we use fundamental and technical analysis, and we certainly keep an eye on the market sentiment. Our investment decisions are supported by a special investment-planning model, which contains important macroeconomical data and indicators, like the anticipated level of inflation in these countries, their GDP growth, their credit ratings and so on. The portfolio manager generates a so-called risk – yield map, by focusing on the anticipated macroeconomic environment, the anticipated yield curve, and the above-mentioned model. Ultimately, the map demonstrates which risk-yield pairs are considered to be safe and offer relatively high yields at the same time.

DISTRIBUTORS

AEGON Magyarország Befektetési Jegy Forgalmazó Zrt. , BNP-Paribas Magyarországi Fióktelepe, CIB Közép-Európai Nemzetközi Bank Zrt., Codex Értéktár és Értékpapír Zrt., Commerzbank Zrt., CONCORDE Értékpapír Zrt., Equilor Befektetési Zrt, Erste Befektetési Zrt., Raiffeisen Bank Zrt., Takarékbank Zrt, Unicredit Bank Hungary Zrt.

NET YIELD PERFORMANCE OF THE FUND:

Time horizon	12 months	2010 year	2009 year	2008 year
Investment note	5.69 %	11.80 %	16.47 %	-16.10 %
Net benchmark	3.69 %	11.79 %	25.76 %	-4.70 %

NET PERFORMANCE OF THE FUND

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.

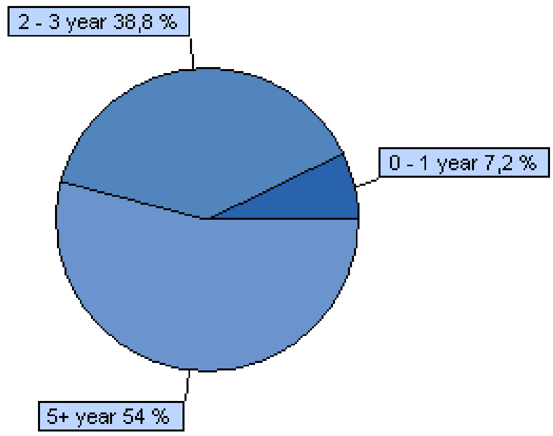
MARKET SUMMARY:

2011 3Q GDP figures showed healthy results: although growth momentum slowed to 4.1% 3Q and its pace has been moderated back to that seen in the first quarter, it remains resilient relative to the Euro area and most CEE peers. The official 2012 GDP growth assumption revised down from 4% to 2.5-3%, resulting in a 0.4-0.6% point revenue shortfall. Fiscal deficit can come in slightly below target this year, revenue shortfall will need to be addressed in 2012. The Prime Minister's speech keeps us constructive on the fiscal outlook: the government appears committed to bringing the deficit below 3% of GDP next year despite the weaker growth outlook, with the desire to avoid the negative example of Euro area periphery sovereigns. Inflation remains elevated largely due to external shocks and a weaker PLN. CPI inflation stood at 4.3% in October, well above the 1.5-3.5% target range. The zloty has depreciated 13% in nominal effective terms since the beginning of July. The NBP estimates FX pass-through at 20%, which means that the anticipated drop in inflation in 2Q-3Q12 will be less than they previously anticipated, although it is still expected to fall back within the target range. European debt crisis spreads over core market and creates massive effect on the bond market. European banking sector suffers in serious funding stress, which creates enormous liquidation on the CEE capital market too. We hold defensive portfolio due to this effect to preserve capital in the sell-off and leave us enough room to load up risk later when markets calm down.

ASSET ALLOCATION OF THE FUND ON 11/30/2011

Asset type	Weight
treasury bonds	63.90 %
T-bills	4.94 %
Current account	31.37 %
Liabilities	-0.08 %
total	100,00 %
Derivative products	0.00 %
Net corrected leverage	100.13 %

Bondy by tenor:



INVESTMENT HORIZON:

Suggested minimum investment period:

3 months	1 year	2 years	3 years	5 years
☐	■	☐	☐	☐

Risc Scale:

very low		moderate		high
☐	☐	■	☐	☐