

AEGON Polish 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:	100% TBSP Index
ISIN code:	HU0000710942
Start:	08/07/2012
Currency:	PLN
Total Net Asset Value of the whole Fund:	1,019,419,052 HUF
Net Asset Value of institutional series:	12,374,932 PLN
Net Asset Value per unit:	1.076653 PLN

INVESTMENT POLICY OF THE FUND:

The aim of launching the investment fund was to give investors access to the Polish bond market, and for it to function as a relatively stable, medium-risk investment in the long term, offering our customers higher yields than those attainable on bank deposits without the need for them to tie up their savings for a fixed period. The investment opportunities available to the fund are wide-ranging, so the portfolio manager has a broad remit and there is scope to build up the optimal portfolio. We aim to achieve the highest return at the lowest risk. When making investment decisions we make equal use of fundamental analysis and technical analysis tools, and always take into account the prevailing mood of investors in the market. The portfolio manager determines the potential investment opportunities on the basis of the macroeconomic forecasts, the likely yield curve and the expected return on the curve and market volatility, then selects the investments that can be regarded as safe and that ensure a relatively high yield in return for the undertaken risk.

DISTRIBUTORS

AEGON Towarzystwo Ubezpieczeń na Życie Spółka

NET YIELD PERFORMANCE OF THE FUND:

Interval	Yield of note	Benchmark yield
From start	4.59 %	5.85 %
2013	0.46 %	1.99 %

NET PERFORMANCE OF THE FUND

NET ASSET VALUE PER SHARE, 04/01/2013 - 03/31/2014



— AEGON Polish Bond Fund institutional series — Benchmark

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:

Polish yields were almost unchanged the whole month after the early March rally, which was supported by quite stable core yields. Macro situation looks good, growth is gaining momentum without any visible inflation pressure. The central bank expanded its forward guidance, rates will be kept on hold until Q3 now. Q4 looks doubtful, inflation developments would not necessarily cry for tightening but there was already a MPC member talking about a rate hike sooner rather than later in Q4, considering the expected tightening path of the Fed. Technical picture looks positive as well, auction coverage is healthy despite the lack of pension funds while 60% of planned gross issuance is done for the year.

ASSET ALLOCATION OF THE FUND ON 03/31/2014

Asset type	Weight
Government bonds	74.45 %
Corporate bonds	22.42 %
Liabilities	-16.65 %
Receivables	10.37 %
Current account	9.48 %
Market value of open derivative positions	-0.06 %
total	100.00 %
Derivative products	15.15 %
Net corrected leverage	115.85 %

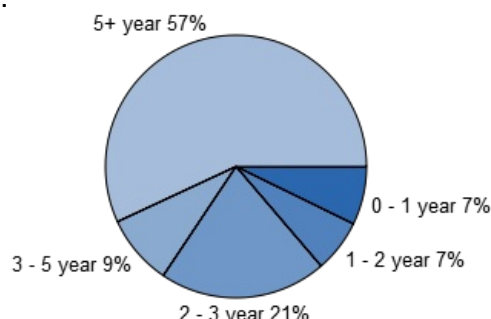
TOP 5 POSITIONS

PLGB 2019/10 5,50% (Lengyel Állam)
PLGB 2021/10 5,75% (Lengyel Állam)
PLGB 2022/09 5,75% (Lengyel Állam)
BOS BANK 2016/05/11 6% (BOS Finance AB, Sweden)
PLGB 2020/10 5,25% (Lengyel Állam)

Assets with over 10% weight

PLGB 2019/10 5,50% (Lengyel Állam)
PLGB 2021/10 5,75% (Lengyel Állam)

Bonds by tenor:



RISK INDICATORS FOR THE LAST 12 MONTHS:

Annualized standard deviation of the fund's weekly yields: 5.06 %

Annualized standard deviation of the benchmark's weekly yields: 4.85 %

INVESTMENT HORIZON:

Suggested minimum investment period:



3 months



6 months



1 year



2 years



3 years



4 years



5 years

Risk and Reward Profile:



very low



low



moderate



intermediate



significant



high



very high