

AEGON Polish Bond Fund

P 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:	HU0000713565
Start:	03/28/2014
Currency:	PLN
Total Net Asset Value of the whole Fund:	5,321,007,717 HUF
Net Asset Value of P series:	25,832,269 PLN
Net Asset Value per unit:	1.096715 PLN

INVESTMENT POLICY OF THE FUND:

The aim of the investment fund is to give investors access to the Polish bond market and to function as a relatively stable, medium-risk investment already medium term, offering our customers stable real returns without the need to tie up their savings for a fixed period. The fund primarily invests into Zloty denominated Polish government bonds but the portfolio manager has some room to use other fixed income investments. We aim to maximise returns with the given risk level. Our investment decisions are based on fundamental research extended by technical research while we also take into account global market sentiment. Expected shifts in the yield curve based on our macro expectations are at the core of our investment process. Risk/return characteristics are also considered when we select suitable and safe investments. We aim to totally hedge any currency risk in the fund.

DISTRIBUTORS

AEGON Towarzystwo Ubezpieczen na Zycie Spolka

NET YIELD PERFORMANCE OF THE FUND:

Interval	Yield of note	Benchmark yield
From start	9.67 %	10.46 %
1 month	2.01 %	2.04 %
3 months	1.98 %	2.17 %
6 months	5.92 %	6.42 %

NET PERFORMANCE OF THE FUND

NET ASSET VALUE PER SHARE, 03/28/2014 - 01/31/2015



— AEGON Polish Bond Fund P 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.

INVESTMENT HORIZON:

Suggested minimum investment period:



Risk and Reward Profile:



MARKET SUMMARY:

We had a very hectic month. On 14th January, the NBP left the base rate at 2%, as we expected. As the official statement was quite balanced and we know, that the MPC is quite cautious, our rates-on-hold-expectation was reinforced at that time. However, statement mentioned extended deflation as a trigger for further easing, which is an important change from the December statement (further easing was conditioned solely on slower growth). Rate cut(s) can't be ruled out at all, but the first step may happen as early as March with the new Inflation Report. On the next day came the decision of SNB: the CHF reached parity against the EUR. Poland is the most exposed to CHF strength in the region, given the size of remaining CHF debt (7,7% of GDP). Although a stronger CHF will hit the budgets of households with CHF loans (and also consumption), it should not trigger systemic growth or stability problems. There was a sell-off in PLN and in Polish bonds as well, but initial market reactions might have overstated the risks to households' balance sheets. Then came the ECB and announced its open-ended QE programme, which strengthened the PLN and lowered fixed income and money market rates by a huge amount. This also increased the likelihood of further rate cut(s) in Poland. We could capitalize on decreasing yields in the Fund.

ASSET ALLOCATION OF THE FUND ON 01/31/2015

Asset type	Weight
Government bonds	74.24 %
Corporate bonds	12.49 %
Current account	11.35 %
Deposit	2.82 %
Liabilities	-1.91 %
Receivables	0.53 %
Market value of open derivative positions	0.06 %
total	100.00 %
Derivative products	15.11 %
Net corrected leverage	113.64 %

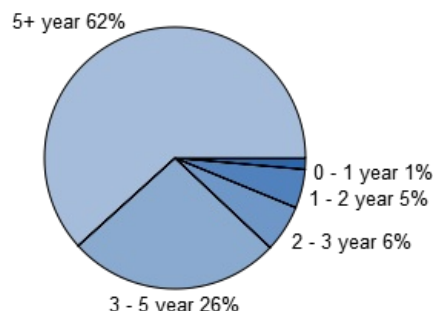
TOP 5 POSITIONS

PLGB 2021/10 5,75% (Lengyel Állam)
PLGB 2025/07 3,25% (Lengyel Állam)
PLGB 2022/09 5,75% (Lengyel Állam)
PLGB 2018/04/25 3,75% (Lengyel Állam)
PLGB 2017/04 4,75% (Lengyel Állam)

Assets with over 10% weight

PLGB 2021/10 5,75% (Lengyel Állam)
PLGB 2025/07 3,25% (Lengyel Állam)
PLGB 2022/09 5,75% (Lengyel Állam)

Bonds by tenor:



RISK INDICATORS FOR THE LAST 12 MONTHS:

Annualized standard deviation of the fund's weekly yields:	2.38 %
Annualized standard deviation of the benchmark's weekly yields:	2.16 %